



Metro

Los Angeles County
Metropolitan Transportation Authority

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**REVISED
CONSTRUCTION COMMITTEE
EXECUTIVE MANAGEMENT COMMITTEE
September 15, 2011**

**SUBJECT: CONSTRUCTION CAREERS POLICY/PROJECT LABOR
AGREEMENT**

ACTION: APPROVE NEGOTIATION PRINCIPLES

RECOMMENDATION

- A. Approve the attached principles for inclusion in a Construction Careers Policy/Project Labor Agreement (PLA), AS AMENDED.
- B. Authorize staff to negotiate a master PLA with the Los Angeles/Orange County Building Trade Councils.
- C. Amend the FY12 budget to add 3 FTE's to cost center 2130 to perform CCP/PLA implementation, monitoring, and reporting for the Crenshaw Light Rail Project.

ISSUE

The passage of Measure R has provided Metro with an opportunity to construct over \$30 billion of rail and highway projects in Los Angeles County. These projects will require an extensive number of construction workers and will create opportunities for small businesses throughout the County to complete this high volume of highway and transit infrastructure work.

In March 2009, the Board adopted a motion to establish a policy of local hiring (hereby called Construction Careers Policy or CCP) on large construction projects that are funded with economic stimulus funds (Attachment A). In following the direction of that motion, staff has found that a PLA is an effective tool used by many public agencies to improve local hiring. The proposed principles will provide the parameters for negotiating the master PLA (Attachment B).

DISCUSSION

What is a Project Labor Agreement (PLA)?

"PLAs are a type of contract used in the construction industry to set the terms and conditions of employment on large projects of long duration and design complexity. PLAs allow the expeditious resolution of disputes that can arise in the course of the project, thereby helping to ensure that the project is delivered on time and that

quality standards are maintained. Recently, PLAs have begun to include provisions that seek to improve conditions on the worksite (e.g. health and safety rules) and provide benefits to the community by including jobs and training opportunities for disadvantaged workers..." (Belman & Bodah, August 2010, pg. 1[Resources cited on pg.6])

The Purpose of a Project Labor Agreement

The purpose of a PLA is to set forth procedures for hiring targeted workers, facilitating the entry of workers into apprenticeship programs, and provide for orderly settlement of labor disputes and grievances without strikes. PLAs are reported to be effective tools in implementing Construction Careers Policies (CCP) and providing avenues for workers to obtain apprenticeship training. Although not historically a problem with Metro construction projects, other public agencies have experienced work stoppages due to labor disagreements which cause project delay and increase project costs. A PLA on a large Metro project would help eliminate possible work stoppages or strikes.

Who has used PLAs?

Although the term is relatively new, PLAs have been around since World War I and have been used in both the public and private sector. (Belman & Bodah, August 2010). While developing principles to include in the PLA, staff has consulted with the County of Los Angeles, the City of Los Angeles, the construction community, Los Angeles/Orange County Building and Construction Trades Council (LA/OCBCTC), the Los Angeles County Federation of Labor and Transportation Business Advisory Council members (TBAC). The Expo Construction Authority has adopted a PLA, as has the Community Redevelopment Agency, Los Angeles Unified School District, and many non-LA County agencies, such as, the Port of Oakland, Bay Area Rapid Transit District, San Francisco PUC, Los Angeles World Airports and the Port of Long Beach. (PLA Comparative Analysis - Attachment C)

The jobs program for the Metro Gold Line Eastside Extension Project (MGLEE) was also examined. The MGLEE jobs program goal was set at 30% and resulted in a total of 27% of all construction hours worked completed by local workers. Although Metro did not execute a PLA for the MGLEE project, the contractor was a union contractor, and therefore, had union agreements designed to meet the goals of providing qualified staff and meet the local hire requirements of the contract.

The jobs program for the Expo I project was also implemented without a PLA. The design-build contract included a goal that local residents work 30% of the construction hours on the project. Local residents consist of those who live in zip codes within a five-mile radius of the alignment from downtown Los Angeles to Santa Monica. This 30% goal also flowed down to the subcontractors. Through, mid-June, the construction hours on Phase I are at approximately 29% of the goal. The PLA will provide maximum opportunity to attain or exceed the local hire goals, and is a vehicle to provide continuing training and lifetime careers in the construction industry.

Why are PLAs controversial?

"PLAs require that all contractors working on a project adhere to a collective bargaining agreement, even non-signatory contractors must operate under negotiated rules. [Some of] these contractors complain that PLAs remove their competitive advantage, require them to use union workers from hiring halls rather than their own employees, and require them to contribute to union-sector health care and pension funds from which their own employees are unlikely to benefit." (Belman & Bodah, August 2010, pg.3)

Why execute a PLA for Metro construction projects?

According to Belman and Bodah (August 2010), the PLA is a tool to provide value on construction projects. MTA staff research indicates that a local hire program, or Construction Careers Policy, will be more successful if implemented through a PLA. The PLA provides a legal framework to implement the CCP without violating the rules of the collective bargaining agreements, guarantees consistency in labor rates for the duration of the project, and provides a vehicle to operate independently of collective bargaining agreements. Unions are in a better position to locate the targeted workers, ensure they are appropriately trained, provide sustained employment through apprenticeship programs, and ensure that all workers are paid in accordance with state and federal laws. If Unions are unable to provide the local workers within 24 hours, the contractor must then use other means to fulfill the local hire requirements.

Construction Careers Policy

The attached principles have been designed to provide employment opportunities and stimulate the local economy for Los Angeles County. This includes a hiring program identified as the CCP. The CCP is designed to hire identified workers through a tiered process.

The first tier, identified as Community Area residents, will include residents closest to the construction project. The second tier, identified as Local Residents, will include residents of Los Angeles County residing in areas of high unemployment or Bank Enterprise Award (BEA) areas. (BEA areas include underserved communities that have been identified by the Community Development Financial Institutions Fund as entities needing assistance in a variety of areas concerning financial services.)

Attachment D includes a series of maps which identify the high unemployment zip codes for LA County and each of the Measure R transit and highway projects with the alignment radius and project cost. The MTA will work with the Federal Highway Administration and CALTRANS in an effort to reach an agreement to implement the CCP and PLA on highway projects identified in attachment D.

The third tier, identified as Disadvantaged Workers, are local workers whose primary place of residence is within LA County and who, prior to commencing work on the project, meet one or more of the following criteria: a) a household income of less than 50% of the Area Median Income (AMI), or b) faces at least one of the following

barriers to employment: is homeless; is a custodial single parent; receives public assistance; lacks a GED or high school diploma; has a criminal record or other involvement with the criminal justice system; or, suffers from chronic unemployment. This tier is implemented simultaneously to tier 1 and tier 2 and counts towards the 30% goal if the disadvantaged worker resides in one of the targeted zip codes.

Small and Disadvantaged Business Enterprises (DBE) Discussion

MTA staff has worked with the small business community through our Transportation Business Advisory Council (TBAC), and other means, in efforts to increase contract opportunities for the small business community. The TBAC Chair announced at the July 7, 2011, meeting that the TBAC position on the PLA is the following: “TBAC would like to see the small and DBE businesses exempt from the PLA, up to a certain threshold. Union contractors should be able to subcontract with non-union contractors.” (Tam, 2011, Resources cited on pg. 5) The attached principles do not exempt small and DBE firms from the PLA, however, the table below depicts a sampling of construction projects with a life-of-project budget less than \$10 million which will provide available opportunities for small and disadvantaged businesses to participate in Metro construction projects. Projects over \$10 million account for 90% of the total construction dollars, and 87% of the available construction manhours. The following table is illustrative of the recent Metro construction program projects.

FY09 – FY11 Capital Program Construction Projects

CONSTRUCTION PROJECTS	LIFE OF PROJECT	EST. CONSTRUCTION MAN HOURS
UNDER \$10 MILLION	\$56,398,673	434,000
OVER \$10 MILLION	\$511,079,000	2,897,000
TOTAL	\$567,477,673	3,331,000

(FY09 – FY11 contract detail - Attachment E)

Under the CCP/PLA, the unions will be the primary source of all construction labor. The CCP/PLA will permit contractors to retain one core worker for each worker from the applicable union hiring hall up to a total of ten core workers.

PLAs and Public Private Partnership Projects

Public Private Partnership (P3) projects are agreements between public agencies and consortiums of private financial firms, bankers, construction corporations, etc. The P3 consortium firms contract with individual private sector firms to deliver projects. When the P3 contractor is using Metro funding to complete the project, project delivery will follow Metro’s standard contracting process including a CCP/PLA if the investment exceeds \$10 million.

FINANCIAL IMPACT

The funding required to implement a PLA is included in the FY12 budget in each capital construction project. The requirements to include the PLA, prepare a jobs program, hire a jobs coordinator, monitor labor compliance, and monitor DBE participation will be included in the competitive bid documents for the contractors working on the major construction projects. Metro's responsibilities for monitoring compliance with the program and ensuring program success will be included in the Metro budget as each new project is approved by the Board.

"Opponents of PLAs argue that they frequently add costs to projects for benefits to contractors and workers, not the general public." (Belman & Bodah, August 2010, pg.3) The research data staff studied in preparation of the Metro PLA principles are inconclusive on whether project costs may increase as a result of implementing a PLA. Robust competitive procurements will continue to provide Metro with the best possible project costs. Metro Transit Project Delivery staff will work to maintain the established budgets identified in the Long Range Transportation Plan for each project.

Resources Required

In order to implement and enforce the CCP and PLA, staff will have to review certified payroll and workforce utilization reports to track worker hours by trade and zip code, represent Metro with the Joint Labor Management Committee, and work with work source centers to recruit and train workers and prepare reports. To perform these tasks on a project such as the Crenshaw/LAX project, the estimated staff required is 3 FTEs. These FTEs will be hired later this fiscal year as we prepare for the construction phase of the project. As new construction projects are awarded, additional Metro FTEs will be required to perform the aforementioned tasks. For large rail and highway construction projects, FTEs will be dedicated to the specific project; for projects from \$10 to \$50 million, we will assign multiple projects to one FTE. It is possible that Metro may require 15 new FTEs to administer this work depending upon the volume of construction occurring at one time.

Impact to Bus and Rail Operating and Capital Budgets

The proposed programs have no impact to the bus and rail operating and capital budgets because the source of funds programmed for construction of MTA projects are not eligible for bus or rail operations.

ALTERNATIVES CONSIDERED

The Board could choose not to adopt the principles presented for the CCP/PLA, or the Board could choose to modify the proposed principles.

NEXT STEPS

Proceed to negotiate a master CCP/PLA with the Los Angeles/Orange County Building Trade Councils.

Attachments:

Attachment A: - Local Hire Motion – Item 41 March 2009

Attachment B: - Proposed Project Labor Agreement Principles

Attachment C: - PLA Comparative Analysis

Attachment D: - High Unemployment / Project Maps

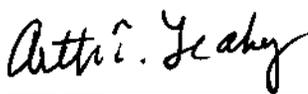
Attachment E: - Contract Detail Over/Under \$10 million FY09 – FY11

Resources Cited:

Belman, D., & Bodah, M. (August 2010). "Building Better: A Look and Best Practices for the Design of Project Labor Agreements.". *Economic Policy Institute* .

Tam, L. (2011, July 7). Chairman, Transportation Business Advisory Council. (M. Caldwell, Interviewer)


Michelle Lopes Caldwell
Chief Administrative Services Officer


Arthur T. Leahy
Chief Executive Officer

**MARCH 26, 2009
REGULAR BOARD MEETING**

LOCAL HIRE INITIATIVE

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

As a result of the passage of President Obama's economic stimulus recovery package, Metro will receive funding to execute a number of "shovel ready" projects throughout its service area. The intent of the funding is to promote economic development in Los Angeles County and to provide employment opportunities for local residents.

To ensure that these objectives are met, Metro seeks to establish a policy of local hiring on large construction projects that are executed with federal economic stimulus. One of Metro's major program objectives must be to promote employment of individuals who reside in or near project areas and within the County of Los Angeles, and to provide employment and job training opportunities among populations affected by high unemployment.

I THEREFORE MOVE THAT THE BOARD OF DIRECTORS:

Direct the Chief Executive Officer to establish a local hiring program to meet the objectives described herein, to ensure that the local community benefits through funds received by Metro.

**CONSTRUCTION CAREER POLICY/PROJECT LABOR AGREEMENT
PRINCIPLES**

1. The purposes of the CCP/PLA are the following:
 - Create Los Angeles County jobs using labor from communities where Metro projects are constructed in an effort to reduce poverty and unemployment.
 - Provide for orderly settlement of labor disputes and grievances.
2. The CCP/PLA will apply to all Metro construction projects with a life-of-project budget greater than \$10 million. Projects with a life-of-project budget less than \$10 million may include local hire provisions and may be structured to provide a maximum level of DBE/SBE participation.
3. Metro will work with the Federal Transit Administration (FTA) to address current federal regulations that may limit Metro's ability to apply local hire provisions on federally funded projects.
4. Metro will negotiate a master CCP/PLA with the Los Angeles/Orange County Building Trades Council. Each contractor engaged in MTA construction projects will be subject to the terms of the CCP/PLA for the duration of the project to which it applies.
5. The CCP/PLA will include targeted hiring requirements of not less than 30% local hire with 10% disadvantaged workers. The contractor will meet the requirements through a tiered approach as follows:
 - a. First, Community Area Residents within 5 miles of the construction site;
 - b. Second, Local Residents of the county residing in targeted zip codes and/or Bank Enterprise Award (BEA) areas;
 - c. Simultaneously, Disadvantaged Workers (as defined)
6. Metro will abide by the State of California regulation which requires that all contractors employ 20% apprentices per trade for each project. The apprentice calculation may be counted toward local hire goals.
7. Under the CCP/PLA, the unions will be the primary source of all construction labor. The CCP/PLA will permit contractors to retain one core worker for each worker from the applicable union hiring hall up to a total of ten workers.
8. The CCP/PLA will set forth procedures to facilitate hiring of targeted workers, including working with the contractor's jobs coordinator, referral of targeted workers regardless of their place in the hiring hall list, and encouragement of entry by targeted workers into union apprenticeship programs.

9. If and when any contractor does not comply with the terms of the CCP/PLA, liquidated damages will be assessed until violations have been cured or retention payments will be withheld.

Definitions:

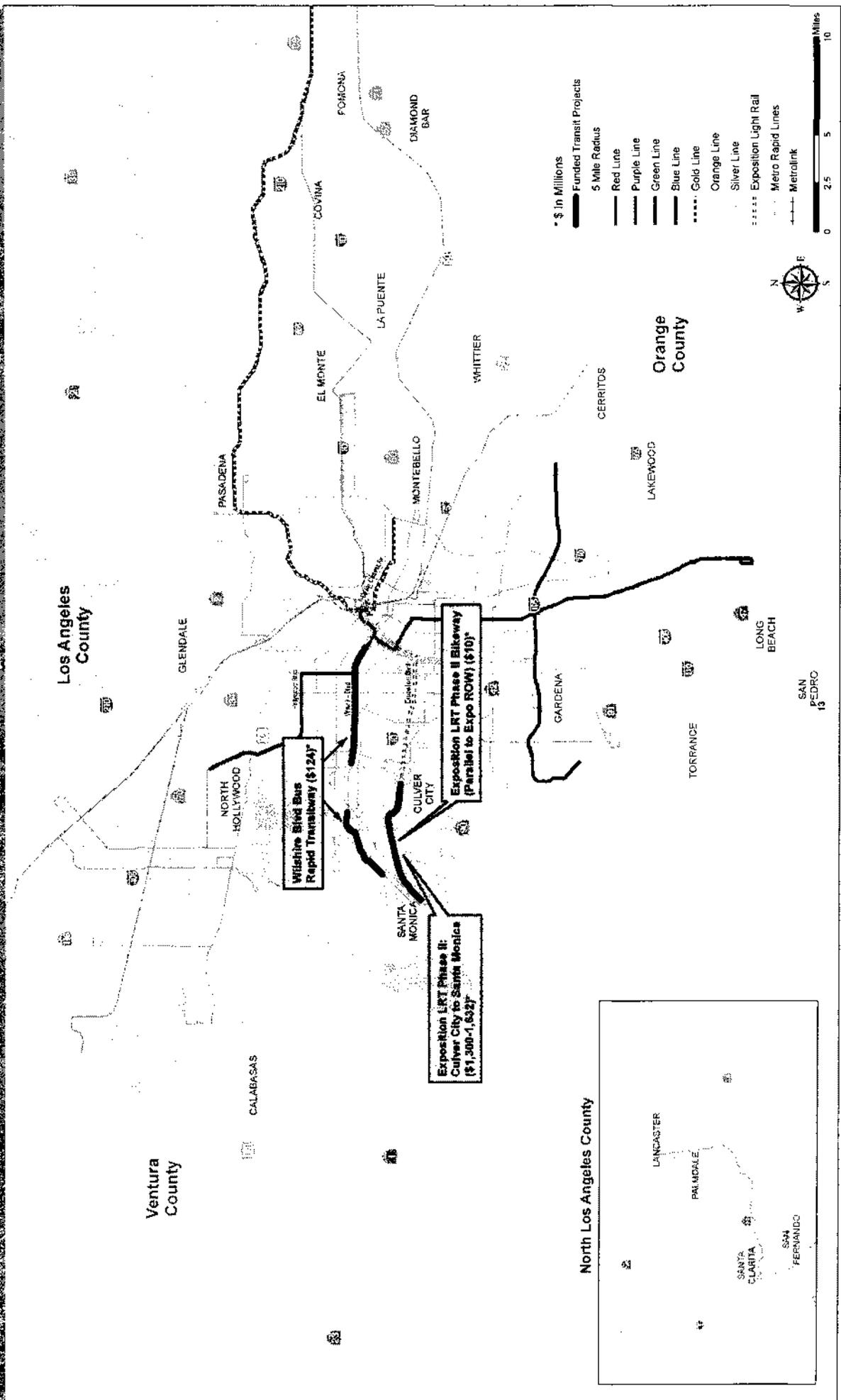
- **Community Area Resident:** resident who lives within a five-mile radius of the project alignment and where construction is occurring.
- **Local Area Resident:** resident of Los Angeles County who resides in a zip code with high unemployment, or Bank Enterprise Award (BEA) areas. BEA areas include underserved communities that have been identified by the Community Development Financial Institutions Fund as entities needing assistance in a variety of areas concerning financial services.
- **Disadvantaged Workers:** disadvantaged workers are workers whose primary place of residence is within LA County and who, prior to commencing work on the project, meet one or more of the following criteria: a) a household income of less than 50% of the Area Median Income (AMI), or b) faces at least one of the following barriers to employment: is homeless; is a custodial single parent; receives public assistance; lacks a GED or high school diploma; has a criminal record or other involvement with the criminal justice system; or, suffers from chronic unemployment.

PLA Comparative Analysis

	Agency	Threshold	Goal	Core Workers
1	Port of Oakland	\$50,000 On anything relating to Maritime or Aviation	50% local hire 20% apprentice	5
2	BART	PLAs/PSAs issued on any design-build project (Currently 2 – Oakland Airport Connector and eBART)	50% local hire of all hours worked craft by craft in the 4 counties and 25% for Oakland	5
3	EXPO	On all design-build projects (Currently 2 – Mainline LA to SM and Light Rail Facility)	Apprentice: 100% local project area (50% Oakland, 50% from 4 counties) 30% local hire 10% disadvantaged	10
4	LAUSD	PLA threshold for specialty contracts is at \$20,000 and for general construction with multiple trades is \$175,000. One PLA negotiated in 2003 applies district wide	40% local hire	5
5	CRA	\$1,000,000 or more or 75 units or more in housing If Commercial - \$1,000,000 or more or 50,000 sq. feet or more	30% local hire 10% Disadvantaged 40% Apprentice (The 10% and 40% requirement count towards the 30%)	5
6	City of LA	No specific threshold Based on project not \$ value. Board approval required on projects with PLA	30% local hire 10% Disadvantaged 50% Apprentice (The 10% and 50% requirement count towards the 30%)	5
7	LAWA	Follows City of LA – Administered by Public Works		
8	LA County	No specific threshold. Only 1 project has a PLA (MLK – Ambulatory Care Center)	30% local hire 10% disadvantaged	10
9	Port of Long Beach	All port construction over \$125,000	30% local hire 10% disadvantaged	5

Transit Projects to Open During 2011 - 2015

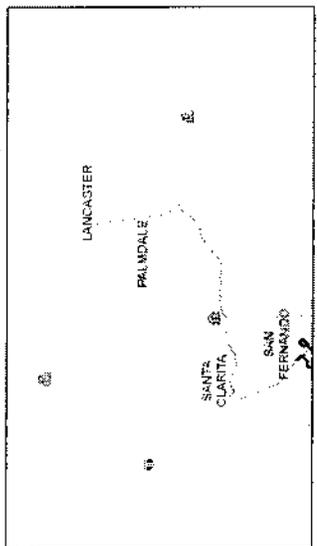
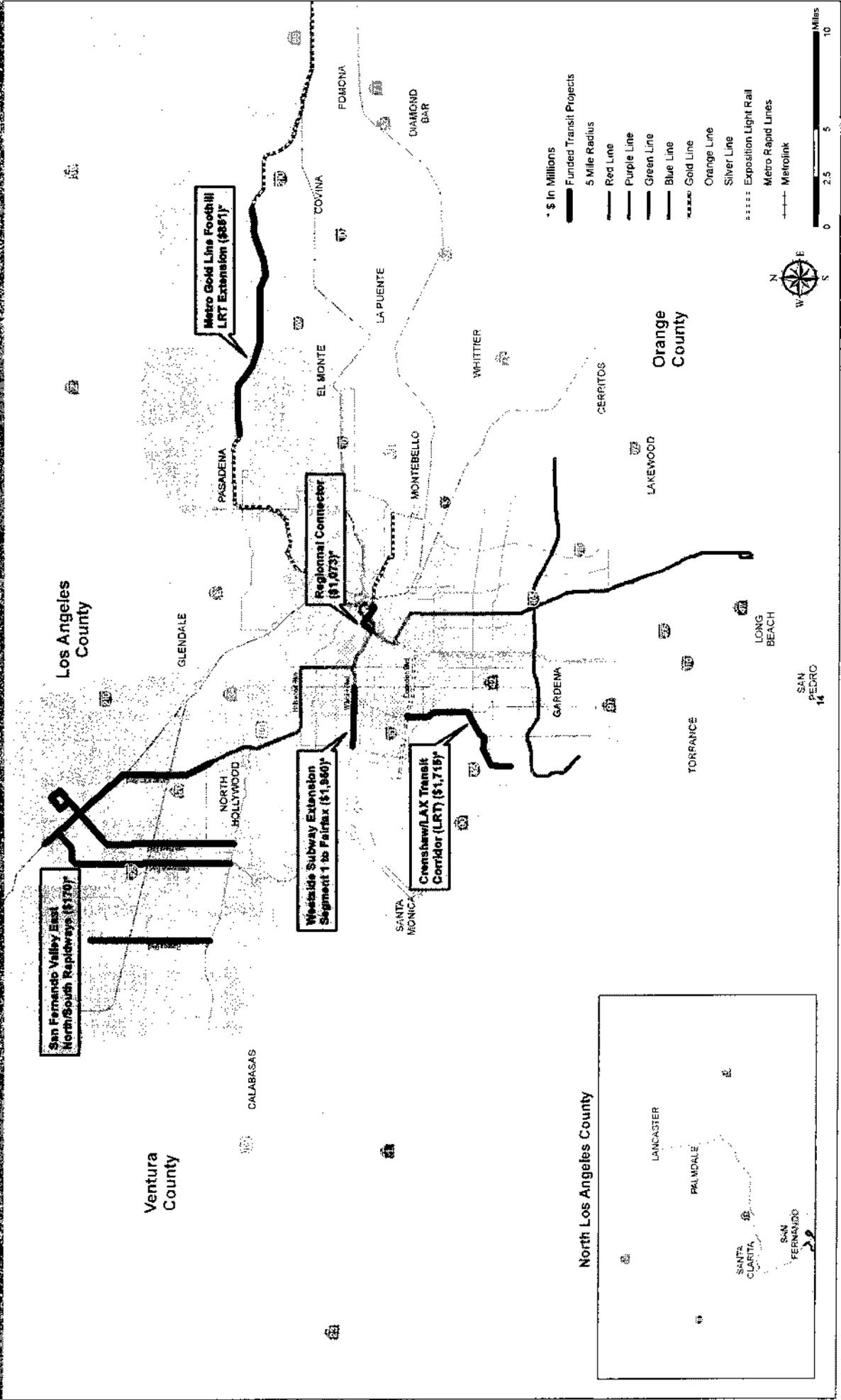
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Map prepared by Computer Planning and Development, LLC, A.B. 2011
 Through the State Office of Transportation Planning and Development

Transit Projects to Open During 2016 - 2020

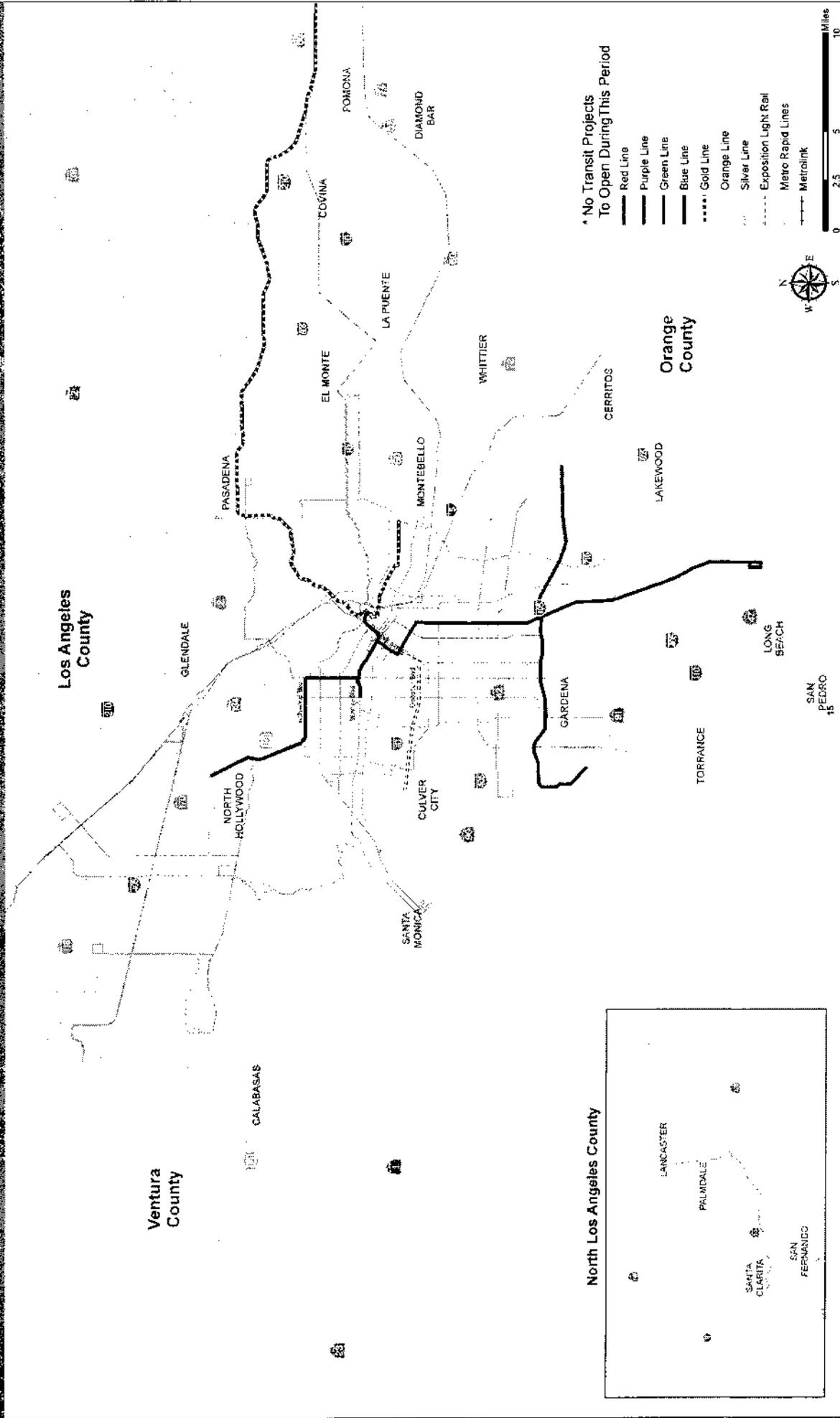
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Map Produced by: City of Los Angeles, Department of Transportation, 11/14/15, July 2015
 Theme: B on Data Used: MDT Perimeter

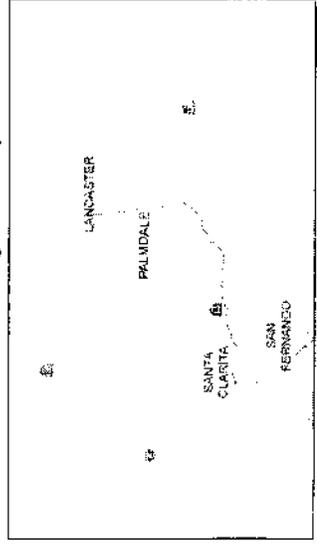
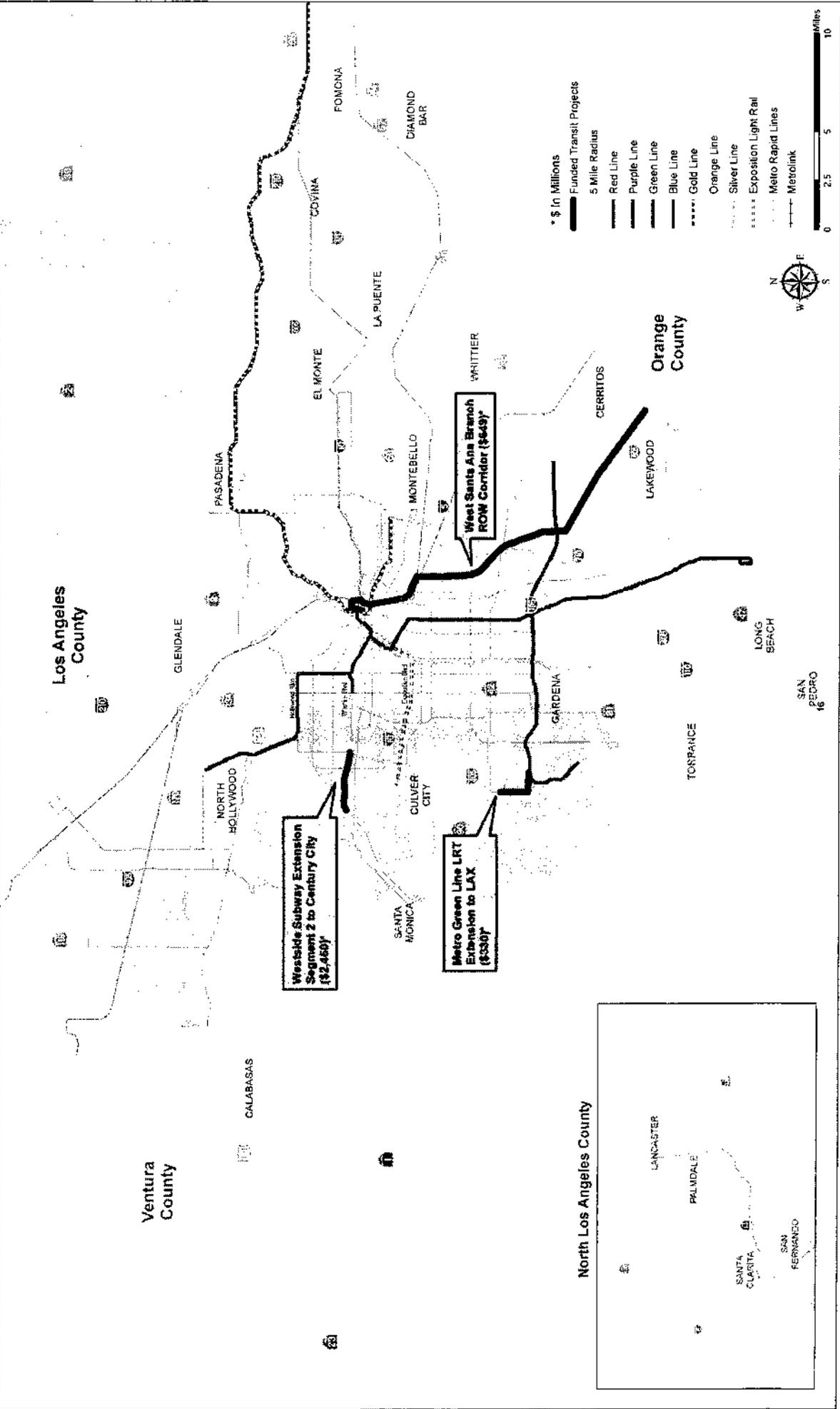
Transit Projects to Open During 2021 - 2025

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Transit Projects to Open During 2026 - 2030

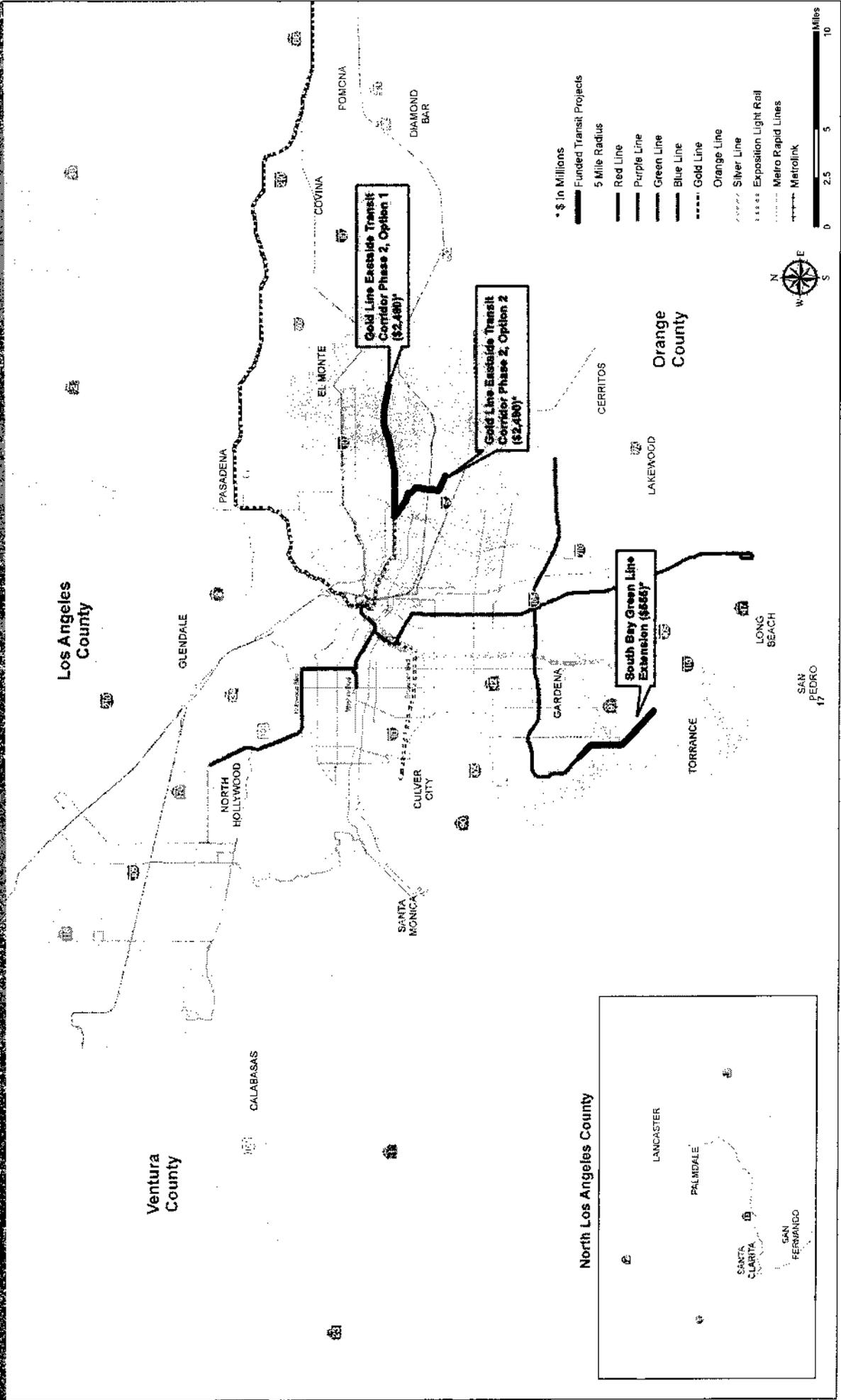
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* \$ In Millions
 Map Produced by Los Angeles Metro Rapid and Metrolink | MARCH 2018
 Project: Metro Green Line LRT Extension to LAX

Transit Projects to Open During 2031 - 2035

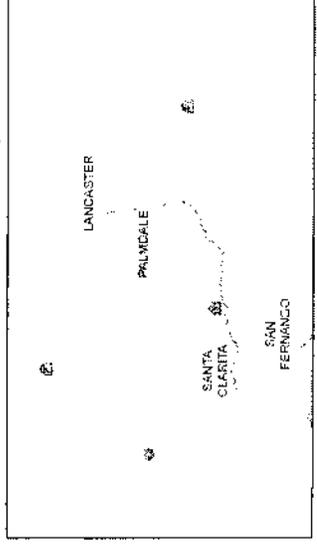
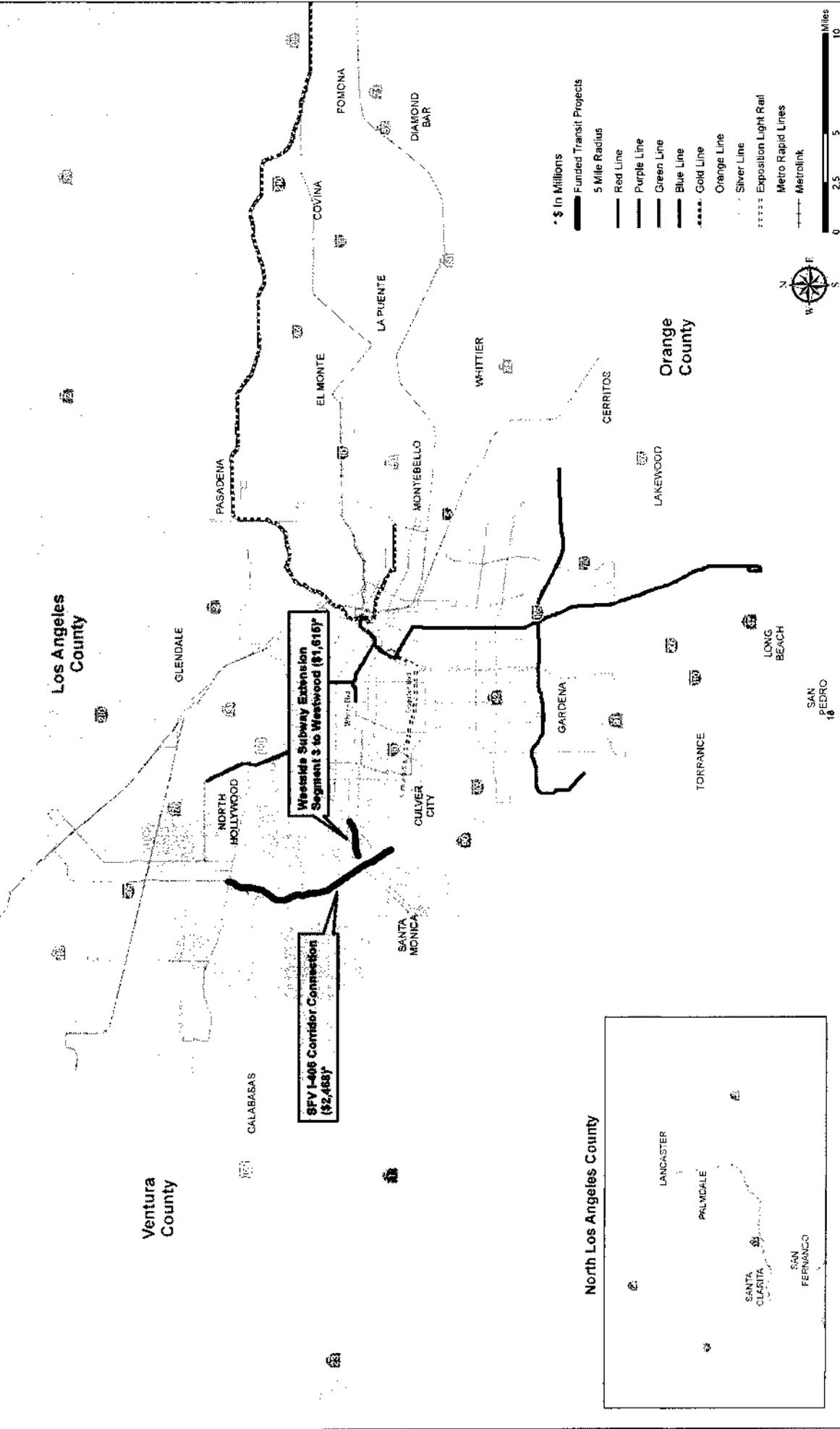
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Map prepared by Geometrics Spatial and Development, L.A. City, July 2011. From the Draft LAMP Framework.

Transit Projects to Open During 2036 - 2040

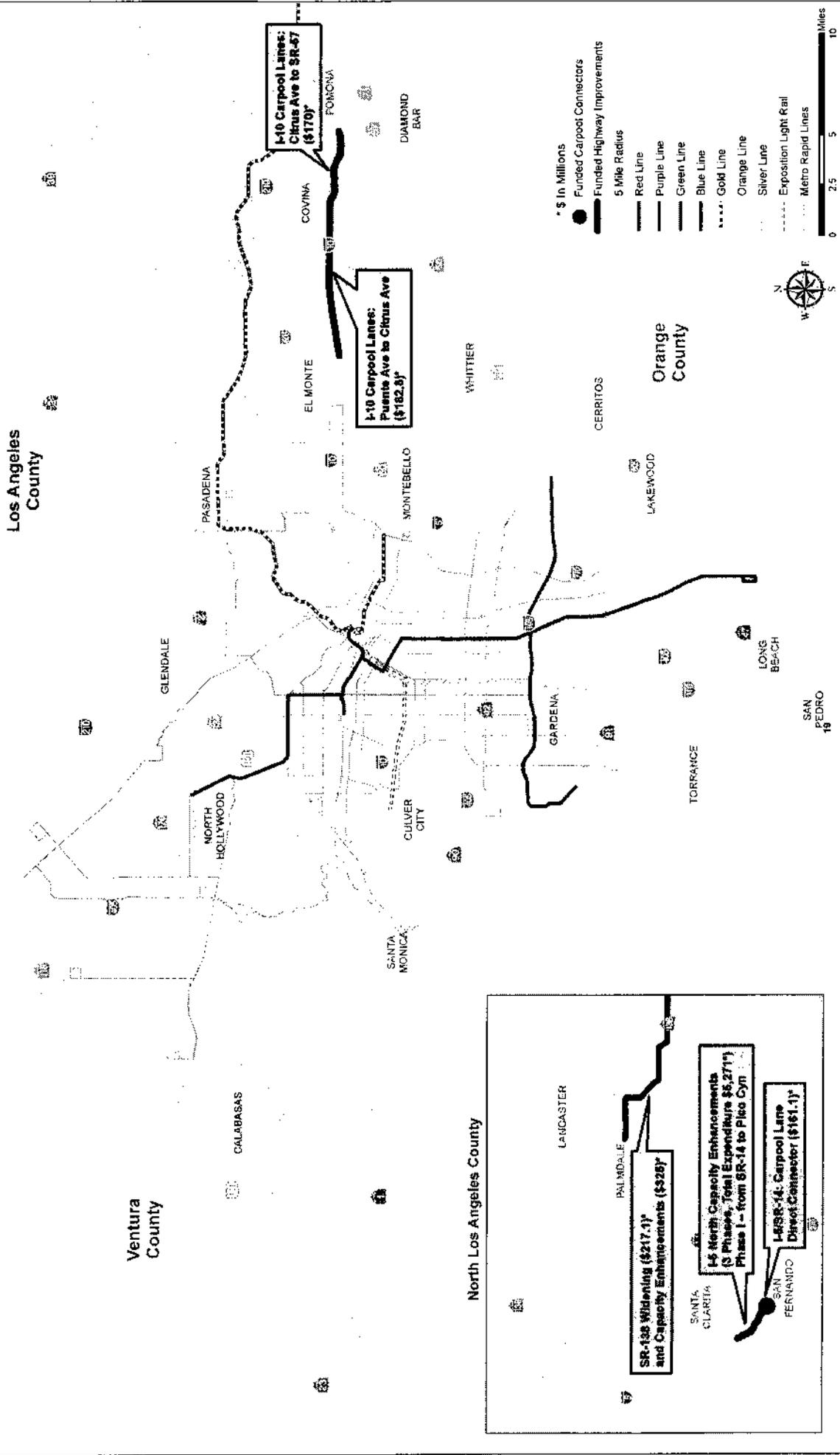
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Map produced by: Consultant Planning and Development, L.A.C.U.T.A., July 2011
 These lines are used with permission.

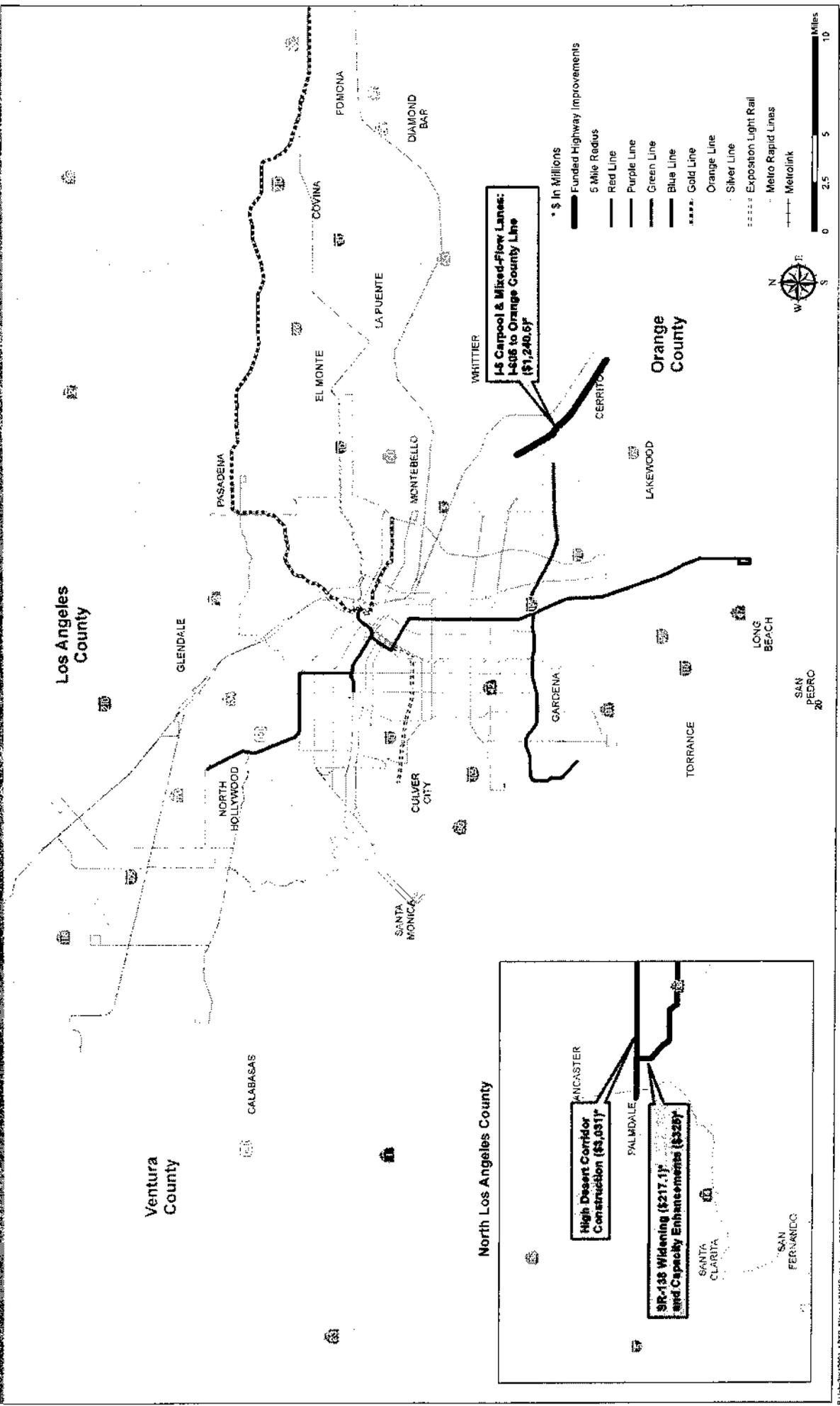
Highway Improvements To Open During 2011 - 2015

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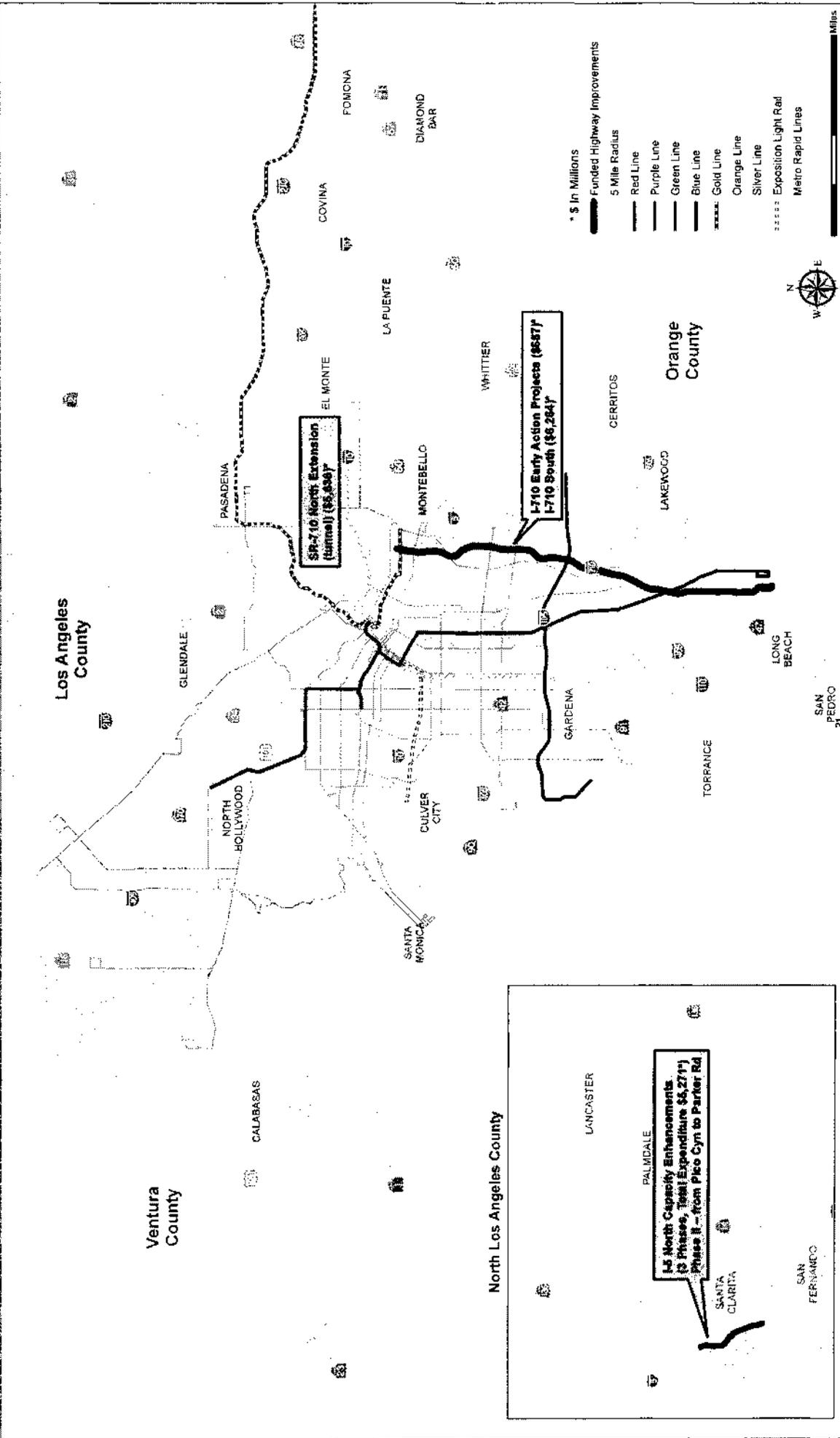
Map prepared by Esri/MapInfo and developed by LA/OTTA, July 2010. Terms: Blue Data used with permission.

Highway Improvements To Open During 2016 - 2020



Map Prepared By: Southern Planning and Development, L.L.P., July 2015
 * \$ In Millions
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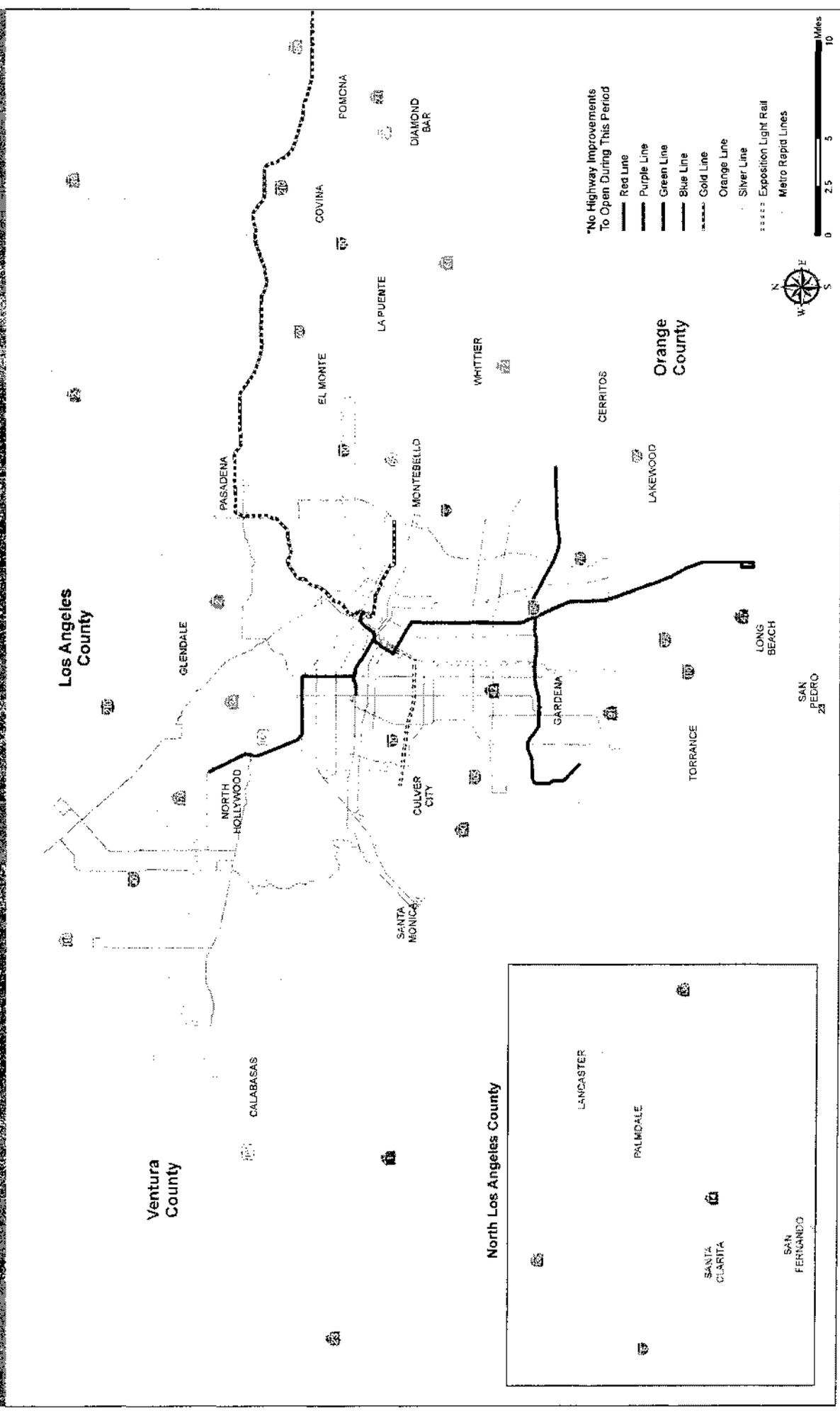
Highway Improvements To Open During 2021 - 2025



Map Prepared by: Computer Planning and Consulting, LLC (CP&C), 2021
 Project Name: Data Used: MTA, 2021

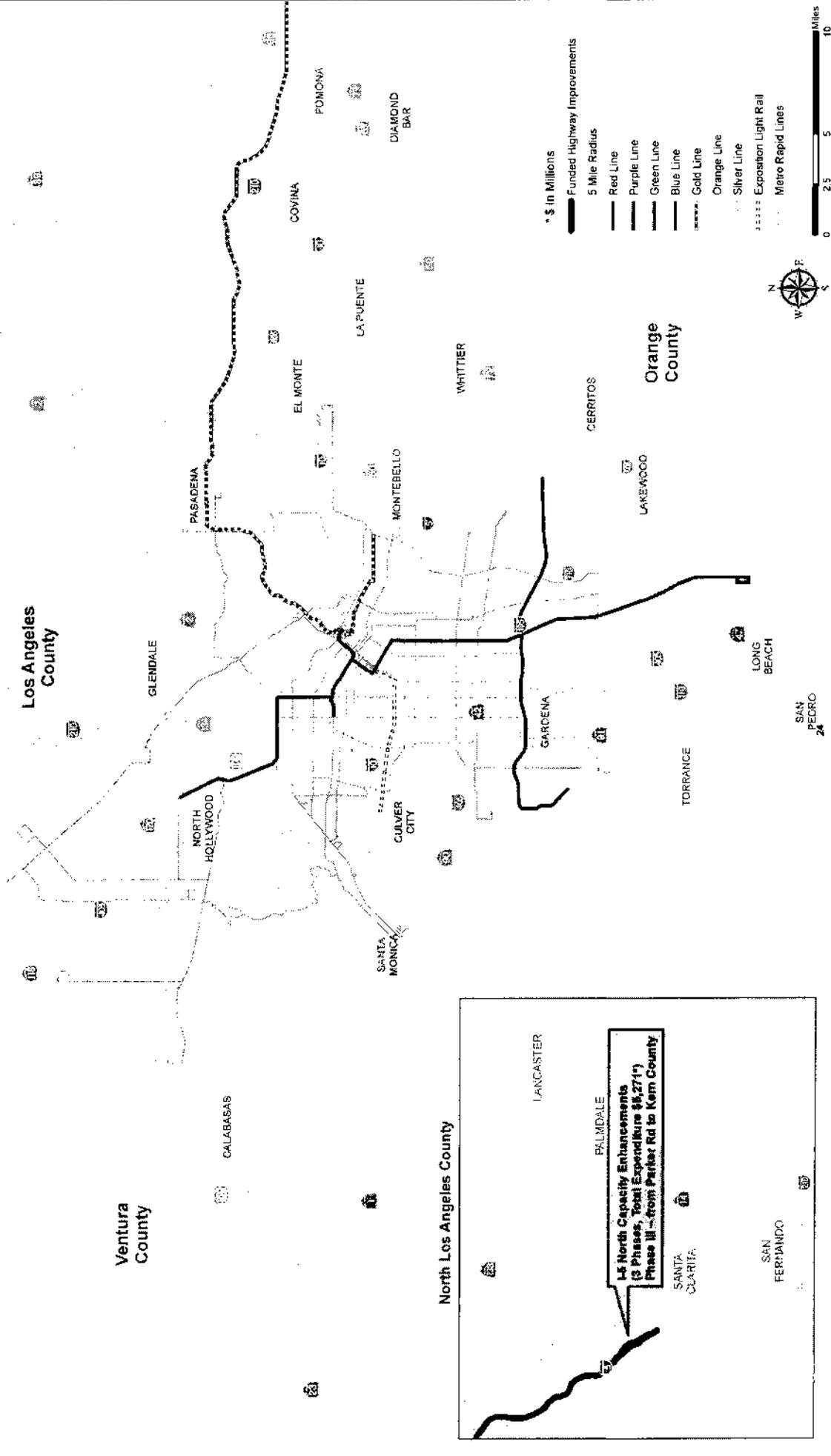
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Highway Improvements To Open During 2031 - 2035



Highway Improvements To Open During 2036 - 2040

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North Los Angeles County

LANCASTER
PALMDALE
SANTA CLARITA
SAN FERNANDO

L4 North Capacity Enhancements
 (3 Phases, Total Expenditure \$8,271)
 Phase III - from Parker Rd to Kern County

Map Produced By: Countywide Planning and Development, LACMG, July 2011
 Thomas, Brian, Data Used: WPA Proje...

Attachment E

CONTRACT DETAIL UNDER/OVER \$10 MILLION FOR FY09 - FY11

	Project Title	LQP	Estimated Construction Man-Hours
FY 09 - FY11 \$0-\$10 Million			
1	FY09 UST Replacement	\$1,531,130	12,000
2	FY09 Bus Facility Contingency Projects	\$115,000	1,000
3	FY09 HVAC Replacement Program All Divisions	\$1,350,000	10,000
4	GCSS Norwalk 605 Station Expansion Project	\$1,228,000	9,000
5	Division 7 - Installation of a Fire Alarm System	\$351,000	3,000
6	Solar Power Enhanced Bus Stop Lighting	\$750,000	6,000
7	MSSC Buiding 5 CNG Modifications	\$2,650,000	20,000
8	Harbor Transitway Improvements (CRDP)	\$3,850,000	30,000
9	Regional Rail Signage System Improvements	\$2,231,181	17,000
10	FY09 Rail Facility Improvements Contingency Projects	\$1,856,500	14,000
11	MRL Fall Protection Gear Installation	\$500,000	4,000
12	Bicycle Lockers and Racks for Metro Rail Stations	\$1,349,856	10,000
13	Div. 21 Carwash Ozone Water Recycling System	\$48,000	0
14	MBL LED "TRAIN" Street Crossing Signs Installation	\$1,900,000	15,000
15	MBL Wayside Communication Enclosures Installation	\$406,500	3,000
16	SONET Fiber Optic Cable Transmission System Installation	\$1,300,000	10,000
17	Gold Line Public Address and Communications System Upgrade	\$866,000	7,000
18	Gold Line Signal System Improvements	\$184,000	1,000
19	Simulcast Security Radio System Upgrade	\$1,317,578	10,000
20	Loc 29 Cash Counting Security CCTV Replacement	\$242,857	2,000
21	Covered Awning for Wayside Systems Warehouse	\$326,602	3,000
22	Green Line Material Storage Building and Offices	\$1,192,273	9,000
23	Division 9 Warehouse Improvements	\$890,189	7,000
24	Safety Improvements at the Central Warehouse Facility	\$345,250	3,000
25	MBL TWC Rehabilitation	\$1,750,000	13,000
26	MGL Fibermux Communication System Rehabilitation	\$610,000	5,000
27	MRL Segment 2/3 Remote Terminal Units Rehabilitation	\$540,000	4,000
28	MRL Yard Genralogic System Rehabilitation	\$1,500,000	12,000
29	7th/Metro Station Egress	\$4,900,000	38,000
30	MRL Bridges and Tunnels Protection Project Phase II (DHS - FY2007 TSGP)	\$1,400,000	11,000
31	Bus Division CCTV Cameras Phase III	\$198,000	2,000
32	FY10 UST Replacement	\$2,402,501	18,000
33	Division 21 Rockfall Mitigation	\$1,480,000	11,000
34	MRL Canopies - Three Canopies (ARRA)	\$6,770,224	52,000
35	Wayside Energy Storage Substation (WESS)	\$4,466,000	34,000
36	Bike Lockers for El Monte Transit Center and Artesia Transit Center	\$150,389	1,000
37	Harbor Transit Way, El Monte Bus Service Stop/Station Amenities	\$1,030,644	8,000
38	MRL Seg-1 A/F Track Circuit Replacement	\$2,279,000	18,000
39	USG Water Pump Replacement	\$140,000	1,000
	Total	\$56,398,673	434,000

**CONTRACT DETAIL UNDER/OVER \$10 MILLION FOR FY09 - FY11
(Cont'd)**

	Project Title	LOP	Estimated Construction Man-Hours
	FY 09 - FY11 \$10 Million +		
40	Division 10 - CNG Fueling Facility	\$11,673,000	90,000
41	Division 18 - CNG Fueling Facility	\$11,100,000	85,000
42	Division 3 Master Plan Phases II-IV	\$13,200,000	102,000
43	Electrify Compression of Natural Gas at CNG Fueling Stations	\$28,000,000	215,000
44	MBL OCS Rehabilitation	\$13,000,000	100,000
45	Escalator/Elevator Modernization Program - Civic Center Station	\$12,000,000	92,000
46	El Monte Busway Improvements and Transit Center Expansion (CRDP)	\$60,106,000	462,000
47	FastLanes on I-10 and I-110 (CRDP)	\$64,200,000	494,000
48	MBL Traction Power Sub-Stations Rehabilitation	\$82,200,000	632,000
49	Metro Orange Line Extension	\$215,600,000	625,000
	Total	\$511,079,000	2,897,000
	Grand Total	\$567,477,673	3,331,000