

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
21	12/14/09	Open	Action	12/03/09

Subject: Project Labor Agreement (PLA) for South Sacramento Corridor Phase 2 Light Rail Extension Project

## ISSUE

Whether or not to authorize the General Manager/CEO to negotiate and execute a Project Labor Agreement to be used in the construction of the South Sacramento Corridor Phase 2 Light Rail Extension Project.

## RECOMMENDED ACTION

Adopt Resolution No. 09-12-\_\_\_\_, Authorizing the General Manager/CEO to Negotiate and Execute a Project Labor Agreement for Use in the Construction of the South Sacramento Corridor Phase 2 Light Rail Extension Project.

## FISCAL IMPACT

There is no discernable fiscal impact as the result of authorizing this item.

## DISCUSSION

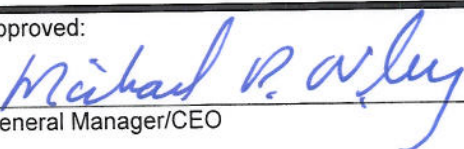
Staff is seeking approval from the Board to move forward with negotiating and implementing a Project Labor Agreement (PLA) with craft unions for providing various labor services used in construction of the South Sacramento Corridor Phase 2 Light Rail Extension Project (SSCP2) and authorizing the General Manager/CEO to execute the final agreement consistent with the business points set forth in Exhibit 1 of the accompanying Resolution.

PLAs are pre-hire agreements between an owner, contractor or subcontractor, whether union or nonunion, and the union(s) that set work rules for a specific project or contract. Although generally restricted by the National Labor Relations Act, pre-hire agreements are permitted in the construction industry based on its unique circumstances, where construction projects are temporary in nature and construction industry employers frequently hire a new work force for each project. Accordingly, the National Labor Relations Act permits PLAs under which the owner or general contractor signs an agreement with the unions representing the crafts necessary for the project before the work force is hired. The PLA governs the terms and conditions of employment for those employees. A PLA would require prime contractors to sign a single project agreement with a consortium of unions as a condition precedent to the award of a contract by the RT Board.

The use of PLAs on federally funded construction projects has varied over the past decade. Earlier this year, President Obama issued Executive Order 13502, encouraging Federal agencies to consider the use of PLAs on large federal projects. The Executive Order also repealed a 2001 order that barred the use of PLAs on federally assisted construction contracts carried out by states and local governments.

Approved:

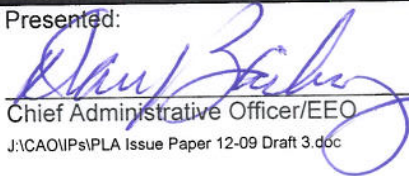
General Manager/CEO



Presented:

Chief Administrative Officer/EEO

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The benefits and costs associated with the use of a PLA have been debated. Some assert that PLAs require additional administrative costs and increase labor costs for benefits and other terms and conditions of employment that might not otherwise have been provided by contractors. Others assert that delays that may result from strikes, picketing, slowdowns or other concerted labor activities at the job site(s) may be averted with the protections contained in a PLA, as well as avoiding increased project costs associated with delays and contractor delay claims resulting from such disputes. Avoidance of such delays also promotes the expeditious delivery of a Project's benefits to the public.

The District has completed significant federally-assisted construction projects both with, and without, the use of a PLA.

On April 13, 1998, the Board adopted Resolution 98-04-3073, approving a PLA for the South Corridor Light Rail Extension Project. The agreement was signed by representatives of the following labor organizations: Sacramento-Sierra Building and Construction Trades Council, Operating Engineers Local 3, Laborers and Hod Carriers Local 185, International Brotherhood of Electrical Workers Local 340, Chauffeurs, Teamsters and Helpers Local 150, Northern California District Council of Laborers, Northern California Construction Teamsters, District Council of Iron Workers of the State of California and Vicinity, United Assoc. of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, District Council of Plasterers and Cement Masons for Northern California, Cement Masons Local 400, Iron Workers Local 118 and Plasterers and Cement Masons Local 487.

During the construction of this project there were minor labor disputes, but all were handled expeditiously and without significant interruption of work under the PLA. The District suffered no construction delays that resulted in increased costs to the project. Nor were there any discernible cost increases in the project resulting from the administration of the PLA.

In 2006, the District completed the Amtrak – Folsom Light Rail Extension Project without executing a PLA. During the construction project, the District endeavored to address labor's issues in a proactive and mutually productive manner. The project finished over budget and delayed compared to the South Line project, however there is no evidence that the increased costs or delay in completion were the result of a lack of a PLA.

The experience of the District in completing significant construction projects, with and without a PLA, has been favorable. However, given the magnitude, complexity, and duration of the SSCP2 Project, the District views the implementation of a PLA to be advantageous to expeditiously delivering the benefits of the project to the people of Sacramento by reducing the risk of delays associated with labor related disputes or disruptions. Additionally, the PLA will provide an enhanced assurance of qualified labor and job site safety to assure a quality product. If authorized by the Board, staff is prepared to contact labor representatives and begin negotiations. The 1998 Agreement can serve as a template for the PLA.

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Attached to the Resolution as Exhibit 1 are essential business points drawn from the 1998 PLA which staff recommends must be incorporated in the final agreement to the satisfaction of the District. Upon completion of satisfactory negotiations, staff requests authorization from the Board for the General Manager/CEO to execute the PLA.

The District's goal is to advertise the first SSCP2 construction contracts in the spring of 2010. Therefore, if approval to proceed with implementing a PLA is granted, negotiations would need to be completed before that time.

Staff recommends approval of the attached Resolution and accompanying Exhibit 1, which authorizes the District to commence negotiations with interested craft unions for the establishment of a PLA, and authorizes the General Manager/CEO to execute the final agreement subject to its substantially incorporating the points set forth in Exhibit 1.



RESOLUTION NO. 09-12-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 14, 2009

**AUTHORIZING THE GENERAL MANAGER/CEO TO NEGOTIATE AND EXECUTE  
A PROJECT LABOR AGREEMENT FOR USE IN THE CONSTRUCTION  
OF THE SOUTH SACRAMENTO CORRIDOR PHASE 2 LIGHT RAIL  
EXTENSION PROJECT**

WHEREAS, Sacramento Regional Transit District ("RT") is undertaking the construction of the South Sacramento Corridor Phase 2 Light Rail Extension Project (the Project"); and

WHEREAS, the Project is anticipated to extend light services an additional 4.3 miles at an estimated cost of \$130,000,000 and require approximately 4 years to complete construction; and

WHEREAS, the timely economical and successful completion of the Project is of great importance to the public because work delay or disruption results in additional Project costs to the public; and

WHEREAS, the Project will improve public transit services in the South Sacramento communities which have experienced rapid population growth; and

WHEREAS, the Sacramento Area Council of Governments projects the South Sacramento corridor will have 197,638 residents by the year 2030, a 65% increase from the 2000 level and will house just under 10% of the total Sacramento County population; and

WHEREAS, growth in the South Sacramento corridor will result in a deterioration in the operation of two freeways that currently serve this area, Interstate 5 and State Route 99; and

WHEREAS, worsening traffic congestion in the South Sacramento corridor will potentially exacerbate future air quality problems; and

WHEREAS, the Sacramento Metropolitan Area currently has the 18th worst air quality in the United States and is an Environmental Protection Agency designated nonattainment area for ozone, carbon monoxide and particulate matter; and

WHEREAS, motor vehicles (including buses and trucks) are responsible for 70% of this air pollution; and

WHEREAS, Transit Goal A of Policy 3 of the Circulation Element of the General Plan of the City of Sacramento supports the light rail extension to South Sacramento; and

WHEREAS, the Sacramento Metropolitan Air Quality Management District's Air Quality Attainment Plan and the Sacramento County General Plan both include the extension of light rail and increased use of alternative fuel vehicles as major clean air policy objectives; and

WHEREAS, based upon the foregoing recitals, the Board of Directors finds that:

- A. It is critical that the Project be timely completed in order to alleviate congestion and to improve air quality; and
- B. It is critical that the Project be timely completed in order to address the clean air objectives of the Sacramento Metropolitan Air Quality Management District's adopted Air Quality Attainment Plan and the Sacramento County General Plan and assist in the attainment of Assembly Bill 32 greenhouse gas reduction goals.

WHEREAS, the South Sacramento corridor includes relatively large populations of individuals who are young, elderly, or members of households with no automobile available, or with incomes below the federal poverty level, which are considered highly transit dependent and rely on transit services provided by RT and other public operators for their mobility needs; and

WHEREAS, relatively high proportions of racial or ethnic minority groups reside in the South Sacramento corridor and such groups tend to have greater needs for enhanced mobility through improved public transportation services; and

WHEREAS, the 4.3 mile Project, in conjunction with existing light rail service, will provide South Sacramento residents with approximately 41.7 miles of light rail lines serving the south, north and east sections of Sacramento County, thereby enhancing direct public transit access to other regional activity and employment centers; and

WHEREAS, the Project will directly serve a community college, a high school, hospitals, several employment centers, and several major employers along the South Sacramento corridor; and

WHEREAS, the Project will improve access to retail and entertainment/convention districts in downtown Sacramento; and

WHEREAS, based upon the foregoing recitals, the Board of Directors finds that:

- C. The timely and successful completion of the Project is of vital importance to the quality of life of the people who live and work within the geographic area RT serves; and
- D. The timely and successful completion of the Project is of vital importance to the quality of life of the people who live and work within the geographic area RT serves; and
- E. The timely and successful completion of the Project is critical to the South Sacramento area's economic well-being.

WHEREAS, it is recognized that on a project of the magnitude of this Project with multiple contractors and bargaining units on the job site at the same time over an



extended period of time, the potential for work disruption is substantial without an overriding commitment to maintain continuity of the work; and

WHEREAS, the purpose of a Project Labor Agreement is to provide for the efficient construction of the Project and to provide for the peaceful settlement of labor disputes and grievances without strikes or lockouts, thereby promoting the public interest in assuring the timely and economical completion of the Project; and

WHEREAS, RT and representatives of the various unions representing construction crafts likely to be employed on the Project can negotiate a Project Labor Agreement establishing uniform terms and conditions to be applicable to the contractors and all subcontractors performing construction work on the Project; and

WHEREAS, contracts for the construction of the Project will be awarded in accordance with the RT Procurement Ordinance and applicable provisions of the California Public Contract Code including, without limitation, California Public Code section 20321; and

WHEREAS, based upon the foregoing recitals, the Board of Directors finds that:

- F. The interests of the general public, RT, the Unions and Contractor(s) would be best served if the construction work proceeded in an orderly manner without disruption because of strike, sympathy strikes, work stoppages, picketing, lockouts, slowdowns or other interferences with work; and
- G. The best means to assure that construction work on the Project will proceed in an orderly manner without disruption because of strike, sympathy strikes, work stoppages, picketing, lockouts, slowdowns or other interferences with work is by adoption of a Project Labor Agreement.

**NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT**

THAT, District staff is authorized to negotiate a Project Labor Agreement with craft unions for use in the construction of the South Sacramento Corridor Phase 2 Light Rail Extension Project.

THAT, the final agreement must substantially incorporate and address the business points as set forth in Exhibit 1, to the satisfaction of RT.

THAT, upon completion of negotiations and creation of an acceptable PLA, the General Manager/CEO is hereby authorized to execute the Agreement on behalf of RT.

THAT, nothing set forth herein shall affect in any way the Sacramento Regional Transit District's absolute and exclusive right to select the successful bidder and award contracts for construction of the South Sacramento Corridor Phase 2 Light Rail Extension Project pursuant to California Public Contract Code section 20321 and applicable provisions of the Regional Transit Procurement Ordinance.

\_\_\_\_\_  
STEVE COHN, Chair

ATTEST:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary



**The following business points are typically included in a Project Labor Agreement and are to be considered and addressed to the satisfaction of the District in the negotiations of the PLA to be used in the construction of the South Sacramento Corridor Phase 2 Project.**

- **Purpose:** This provision describes the purpose of the PLA which is to ensure that the project is constructed efficiently, without interruption and in accordance with applicable labor standards.
- **Scope of Agreement:** This provision describes the project work that is subject to the PLA and identifies certain work on the project (e.g., off-site manufacturing work) that is not subject to the PLA. All contractors and their subcontractors who are awarded contracts by RT for work covered by the PLA are bound by the terms and conditions of the PLA. The PLA incorporates the local collective bargaining agreements of the local unions, except to the extent that the terms and conditions of those agreements are inconsistent with the PLA.
- **Union Recognition and Employment:** This provision recognizes the signatory unions as the sole and exclusive bargaining representative of craft employees working on the project. It provides for laborers to be referred to a contractor by the union hiring hall and allows a contractor to have its regular employees, as defined, referred to that contractor.
- **Union Representation and Stewards:** This provision addresses access by union representatives to the job site and the dispatching of working journeypersons as union stewards.
- **Management Rights:** This provision sets out the contractor's right to direct the work force.
- **Work Stoppages and Lockouts:** This provision prohibits laborers and the signatory unions from engaging in strikes, picketing, work stoppages, slowdowns or other disruptive activity against any contractor covered by the PLA, or against any contractor performing excluded work with respect to such work performed at the job site. In the event of a dispute regarding this provision, a 24-hour dispute resolution procedure is established of which the parties may avail themselves.
- **Disputes and Grievances:** This provision establishes a grievance procedure for disputes concerning the interpretation of the PLA.
- **Jurisdictional Disputes:** This provision establishes a dispute resolution process for jurisdictional disputes, that is, disputes regarding the appropriate craft for particular work.



- **Wages and Benefits:** This provision requires the payment of the higher of state or federal prevailing wages to employees covered by the PLA, based upon the prevailing wage determination applicable to each contract awarded by RT. Contractors must make contributions to established employee benefit funds as set out in the applicable local union collective bargaining agreements.
- **Hours of Work, Overtime, Shifts and Holiday:** This provision addresses starting times for work, the number of hours of work, holidays and overtime pay in accordance with the prevailing wage determination for work performed outside the regularly established shift.
- **Apprentices:** This provision addresses the referral of apprentices in accordance with the applicable prevailing wage determination and encourages the parties and the applicable joint apprenticeship training committees to apprentice Sacramento area residents referred by local training agencies in those crafts most likely to be needed for the project.
- **Safety, Protection of Person and Property:** The provision addresses safe working conditions to be established by each contractor and provides for drug and alcohol testing of laborers in accordance with federal standards.
- **Non-Discrimination and Equal Employment Opportunity:** This provision contains the prohibition on discrimination under applicable federal and state laws and requires the parties to comply with EEO/AA requirements, including disadvantage business enterprise participation, applicable to RT's contractors.
- **Travel and Subsistence:** This provision provides for travel and subsistence payments for laborers if required by the applicable prevailing wage determination.
- **Working Conditions:** This provision addresses working conditions and project rules which may be established by RT and the emergency use of tools by an otherwise qualified laborer.
- **Pre-Job Conference:** This provision provides for a pre-job conference after the award of a contract to address the labor requirements for the particular work.
- **Monthly Meeting:** This provision provides for the parties to conduct monthly meetings to discuss issues pertaining to the implementation of the PLA.
- **Savings and Separability:** This provision provides for the parties to renegotiate a provision of the PLA if such provision is determined to be illegal or void by a court of competent jurisdiction.
- **Duration of Agreement:** This provision sets out the effective date of the PLA, its duration, which is tied to the project duration and the removal of project segments from the PLA as work is completed and accepted by RT.