

Construction Careers Project Stabilization Agreement Q&A

What is a Construction Careers Project Stabilization Agreement?

- Construction Careers Project Stabilization Agreements are Project Labor Agreements that serve to guide the productivity and working conditions of large-scale project public works and include a mandate for local hiring. These agreements ensure that public construction dollars are part of an economic recovery plan for local communities.
- They guarantee:
 - ✓ Good jobs with healthcare
 - ✓ Local hiring—for jobs and paid apprenticeship programs
 - ✓ Career ladders for disadvantaged workers—that target at-risk groups to paid apprenticeship programs
 - ✓ Uniform terms and conditions of employment for all contractors and craft workers on the construction project
 - ✓ A plan for project workflow and coordination between the various construction crafts to be sure the projects are completed on-time, on-budget, safely and with a properly trained workforce

Where have similar agreements been passed? Have they worked?

- Project Labor Agreements have been passed for School Districts in Los Angeles, Sacramento, Vallejo, Pittsby, Santa Ana and West Contra Costa County; and for the San Diego Convention Center Expansion, San Diego County Water Authority, Carlsbad Seawater Desalination Plant, Rio Hondo Community College District, and the Los Angeles Community College District, among other jurisdictions.
- “The Project Labor Agreement has been a winner all around from the Port’s perspective. It has helped keep us on time, within budget and benefiting not just the port, but the entire surrounding community”
 - *Tay Yoshitani, Deputy Director, Port of Oakland*
- “The PLA creates competition – it doesn’t restrict. In fact, had I known that we would’ve had the success that we’ve had today, I would have had the project labor agreement much earlier”
 - *John Palacio, President, Santa Ana School District*

How can these agreements help stimulate the economy?

- In setting priorities for economic stimulus, President Obama has set a goal of creating 3 to 4 million new jobs, emphasizing “shovel ready” projects. Construction Careers Agreements support this goal by not only creating immediate jobs, but also middle-class careers.
- Because local workers build the project, the project’s payroll, funded by taxpayers, stays in the community and contributes to its prosperity. The taxpayers see a double return on the public investment.

What is “local hire”? Why is it important?

- Construction Careers agreements mandate a percentage of the job hours for each construction project must be performed by residents of the local community. “Local” has been defined in a number of ways, including residents of low-income zip-codes, residents of zip-codes immediately surrounding a project or simply residents of the City.
- Once a contractor wins a contract, the Agency providing the work cannot influence who gets hired. Construction Careers Agreements are the only way to ensure that local workers are used on local construction projects.
- Because of the nature of skilled construction work, crews are often brought in from neighboring cities and states to complete the work. A local hiring requirement ensures that our tax-dollars are recycled back into our communities.

How does the “Career Ladder” work?

- Construction Careers Agreements can mandate that a percentage of job hours for each construction project be performed by “disadvantaged workers”. Jurisdictions can define “disadvantaged workers” to include workers with low incomes relative to the Area Median Income (ex. 50% AMI), those lacking a high-school diploma, the chronically unemployed or individuals on public assistance, veterans, women, single parents, homeless, ex-felons or any other targeted group.
- To meet these goals, local jurisdictions certify local pre-apprenticeship programs that then serve as feeder organizations to paid apprenticeship programs with trade unions (example: laborers, electricians, sheet metal workers, etc...). These certified pre-apprenticeship programs prepare at-risk youth or workers for apprenticeship opportunities by teaching them basic math, language and job skills.

Will a Construction Careers Agreement increase project costs?

- All contractors, union and non-union, are required to pay the California prevailing wage on public works projects. Labor costs are the same for all contractors, whether or not there is a PLA.
- The high quality apprenticeship programs and hiring halls associated with PLAs assure that the workforce on the job is trained and ready for the tasks before them. This saves money by eliminating the need to go back and fix mistakes caused by shoddy work; rather, the work is done right the first time.
- PLAs save Agencies and taxpayers money by ensuring that a trained workforce will be available, addressing labor issues that could otherwise interrupt the work, reducing litigation opportunities, requiring better pre-construction planning, cutting long-term administration costs, and in many cases, lowering insurance rates.

What are the advantages of having a plan for workflow and coordination?

- A construction site is a unique workplace where employees of multiple employers must come together. Yet, employee groups can be working under very different conditions. On large projects these variations can cause instability and friction, and in the worst case scenario, serious workplace accidents can occur. At the Hilton Hotel downtown, for example, employees of one contractor who were not trained or aware of safety rules caused injury to the employees of another contractor.
- Standardized work rules and working conditions make for a smooth flow at the workplace. The workers know they will be working in a positive environment and can concentrate solely on getting the work done. Both management and labor understand exactly what to expect of each other.
- PLAs outline a coordinated work-flow, timetable, safety programs, dispute resolution procedures and a definitive labor-management structure that makes workplaces more constructive, safe and strife-free environments. In San Diego, the PLA at the Water Authority has led to projects being completed on-time and on-budget.

Do Construction Careers Project Stabilization Agreements exclude non-union contractors, workers and apprentices?

- Absolutely not. As a matter of both law and practice, both union and nonunion labor work on public sector PSAs. The agreement is available to any contractor who will accept its terms. It's the contractor's decision whether or not to bid. The point of these agreements is to create a level playing field where responsible contractors are not undercut by unscrupulous ones. Responsible bidders like SMCNA and NECA that represent hundreds of locally-based contractors recognize the value of, and advocate for, these agreements.
- PSAs stimulate competition for the awarded contracts because all the contractors can operate on a level playing field. Usually there is no way to measure this because bidding situations are so dissimilar. However the experience of the Southern Nevada Water Authority provides a good test case. The second phase of its improvement project was done in 1999 with a PSA and received 32% more bids per bidding package than in the first phase 2 years earlier that had no such agreement.
- Large construction management firms have reported seeing no reduction in competition with PSA agreements. For example, Parsons Water and Infrastructure Group testified to the federal government that they had more vigorous competition under PSAs they have overseen than on non-covered work. 70% of contractors at the San Diego Water Authority are not signatory to a union. The Los Angeles Unified School District has documented similar results.
- Under CCAs, non-union contractors can maintain some non-union employees while others are hired through union hiring halls. This ensures that the public dollars support the creation of middle-class career paths while allowing non-union contractors to compete.

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