



Legislation Text

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Staff Report for a Resolution of the City of San Leandro City Council Authorizing the City Manager to Execute a Side Agreement to Extend the Term of the Community Workforce Agreement with the Alameda County Building and Construction Trades Council and Its Affiliated Local Unions and for a Resolution Approving a Consulting Services Agreement with Bay Area Business Roundtable for Workforce Development and Local Business Inclusion Services

SUMMARY AND RECOMMENDATIONS

On June 15, 2015, the City Council adopted a Community Workforce Agreement (CWA) that was negotiated with the Alameda County Building and Construction Trades Council (BTC) and its affiliated local unions to govern labor procedures for City construction projects above \$1,000,000. Further, the Agreement set in place policies and goals related to the hiring of San Leandro residents to work on City construction projects and the hiring of San Leandro residents into the signatory unions' apprenticeship programs. The three-year term of the CWA began on January 1, 2016 and will conclude on December 31, 2018. To support efforts to implement both the CWA and the City's 2014 Local Business Preference policy, the City hired Bay Area Business Roundtable to conduct workforce development, marketing, data and trend analysis, and outreach.

Staff recommends that the City Council take the following actions:

- Authorize the City Manager to execute a side agreement to extend the current term of the CWA with the BTC through December 31, 2019; and
- Direct staff to begin negotiations with BTC for the next term of the CWA; and
- Approve a Consulting Services Agreement (CSA) with Bay Area Business Roundtable in the amount of \$60,000 for workforce development and local business inclusion consulting services.

BACKGROUND

The basic provisions of the CWA agreement with BTC are as follows:

Covered Work: The work covered under the CWA includes all on-site construction, demolition, alteration, painting or repair of buildings, structures, landscaping, temporary fencing and other related activities for the projects that is within the craft jurisdictions of one of the signatory unions and that is part of the projects, including, pipelines, site preparation, survey work, and demolition.

The agreement does not apply to projects for which there is a prohibition, exclusion or other limitation imposed because of a grant, funding, or other agreement that creates a risk to the City of any repayment or return to source of any funds received. Per Section 2.4.5 of the Agreement, the City Council will have final authority to make amendments to the Agreement in the unlikely event that City

staff and the BTC are unable to reach agreement on amendments to the CWA for a particular project's funding restrictions.

Construction contracts that are governed by the CWA are still subject to competitive bidding laws, the payment of prevailing wages, and the City is still required by law and its own ordinances to select the lowest responsive and responsible bidder.

Minimum Cost Threshold: The CWA applies to City construction projects with total costs that meet or exceed \$1,000,000.

Labor Peace: For all projects covered by the CWA, the Unions agreed that there will be no strikes, sympathy strikes, work stoppages, picketing, hand billing, or slowdowns of any kind, for any reason, on the projects, at a project job site, or at any other facility of the City.

Union Hiring Hall and Impact on Non-Union Contractors: Contractors working on covered projects are required, when filling craft job requirements, to utilize and be bound by the registration facilities and referral systems authorized by the signatory unions, commonly referred to as the union hiring hall.

The agreement does not prohibit non-union contractors from bidding on projects. However, the CWA allows non-union contractors to use no more than five of their own employees and only if those workers are San Leandro residents and an equal number of union workers are also retained by the contractor. This is known as the "Core Worker" provision. Non-union "core" workers hired under this provision are still required to register with the union hiring hall and the non-union contractor is required to pay into the union trust fund, covering health and pension benefits for these workers.

Local Hire and Apprentices: The current CWA has a goal of 10% participation by San Leandro residents as apprentices on construction projects that are covered by the CWA. Contractors are required to make good faith efforts to reach this goal through the utilization of the Unions' hiring hall procedures. The agreement also requires contractors to hire one San Leandro resident as a New Apprentice for the first \$1 million of the bid amount. Thereafter, for every \$5 million of project monies, the contractor would be required to hire one additional New Apprentice. The intent of the clause is to increase pathways for San Leandro residents into the building trades. For San Leandro journeymen-level workers, the CWA sets a 30% goal of total project hours. After the contractor uses the Unions' hiring hall procedures and if qualified workers from San Leandro are not available, workers who reside in Alameda County can be hired to meet the apprentice goal of 10% and the journeymen goal of 30%.

Joint Administrative Committee: This Committee is comprised of two representatives selected by the City; two representatives of the signatory Unions and Alameda County Building and Construction Trades Council; and one industry representative, mutually selected by the City and the Alameda County Building and Construction Trades Council. The Joint Administrative Committee meets monthly, but not less than once each quarter, to review Agreement implementation, and the progress of the CWA projects including, but not limited to, compliance with Article 8, prevailing wage, safety, craft workforce levels, and construction progress. City staff coordinates the activities of the five person Joint Administrative Committee.

Analysis

Since commencement of the CWA on January 1, 2016, nine projects were awarded that have been governed by the agreement and the City Council has accepted the work as completed for three of those projects. Combined, these projects comprise an investment in the City’s infrastructure of almost \$35 million. The nine awarded projects are:

<u>Award Date: Project Name</u>	<u>Award Amount</u>
2016: Citywide Energy and Water Efficiency Upgrades Project (Climatec) -	\$5.2m
2016: Annual Overlay / Rehabilitation 2015-16 Project -	\$3.5m
2017: Annual Street Overlay / Rehabilitation 2016-17 Project (Phase I) -	\$3.395m
2017: Sanitary Sewer Line Replacement/Repair 2017 Project -	\$1.16m
2018: Water Pollution Control Plant Asphalt Replacement Project -	\$1.605m
2018: Annual Overlay / Rehabilitation 2016-2017 Project (Phase II) -	\$1.754m
2018: Annual Street Sealing 2017-18 Project -	\$1.894m
2018: Annual Overlay / Rehabilitation 2017-18 Project -	\$10.163m
<u>2018: Police Building and South Offices Modification Project -</u>	<u>\$6.268m</u>
Total Value Projects Awarded	\$34.94m

Local Hire Participation Rates

For the three accepted projects, achievement toward the local hire goals (10% of the total project work hours worked by San Leandro apprentices and 30% of the total project work hours worked by San Leandro journeymen) is as follows:

Annual Overlay / Rehabilitation 2015-16 Project, Project No. 2016.0050

	Total Hours Worked	San Leandro Resident Hours	San Leandro Resident (%)	Alameda County Resident Hours	Alameda County Resident (%)
Journeyman	7494	565	6.4%	4761	54%
Apprentice	1393	0	0%	899	10%

Annual Street Overlay / Rehabilitation 2016-17; Project No. 2017.0050 (Phase I)

	Total Hours Worked	San Leandro Resident Hours	San Leandro Resident (%)	Alameda County Resident Hours	Alameda County Resident (%)
Journeyman	6933	574	8.3%	2915	42%
Apprentice	1109	0	0%	653	13%

Sanitary Sewer Line Replacement/Repair 2017 Project, Project No. 2015.0120

	Total Hours Worked	San Leandro Resident Hours	San Leandro Resident (%)	Alameda County Resident Hours	Alameda County Resident (%)
Journeyman	5094	250	4.9%	2599	51%
Apprentice	5094	0	0%	772	16%

As approximately 60% of the projects awarded are for street reconstruction, rehabilitation and sealing, similar trades, such as operator/engineers, laborers, cement masons and electricians, are used for the majority of current CWA projects. For those projects accepted by the City Council thus far, there has been zero participation by San Leandro apprentices and significantly low participation rates for San Leandro journeymen. Staff noticed this trend early on at the close of the first year of the CWA and began working with the Joint Administrative Committee union representatives as well as pre-apprenticeship and training programs to identify solutions to address the low rates of resident participation.

Staff Level of Effort & Bay Area Business Roundtable

Implementation of the CWA has impacted staff's ability to deliver projects as there is increased amount of time spent on pre-bid activities and compliance as well as technical assistance efforts. In the first year of the CWA, approximately 0.25 full-time equivalents (FTE) were spent on CWA administration. With the increase in the number of CWA projects as well as the broader scope of these projects and attendant increase in types of trades used, the percentage of an FTE currently spent on administration, compliance, and technical assistance is approximately 0.5.

This level of effort does not include consultant hours spent by Bay Area Business Roundtable (BABRT), the consultant the City hired for workforce development, marketing, data and trend analysis, and outreach to support both the implementation of the CWA and the City's Local Business Preference policy. BABRT is a regional leader in workforce and business development and has been key in creating strategic partnerships for the City with local agencies. This consultant has provided data and trend analysis that are valuable for evaluating the CWA's impact in and on the community. Factoring staff and consultant time, the total FTE spent on CWA administration would be at a minimum approximately 1.0 FTE. As noted in 2015 as a comparison, the City of Berkeley devotes a significant share of one full-time position in its Health, Housing, and Community Services Department for implementation and monitoring of all contracts governed by its project labor agreement.

Because the goals for the use of San Leandro residents as apprentices and journeymen have not been reached, additional time is recommended to allow for future development. Therefore, staff recommends that that City Council authorize the City Manager to execute a side agreement to extend the current term of the CWA with the BTC through December 31, 2019, and direct staff to begin negotiations with BTC for the potential future terms of the CWA. BABRT support has been valuable, effective, and supportive of the CWA and the local business inclusion program. Therefore, staff recommends approval of a one-year consulting services contract with BABRT, with an option to extend, for continued provision of workforce development and local business inclusion consulting services. Both actions are recommended because staff believes they will result in a more robust and effective CWA in the long run.

Current Agency Policies

- Place San Leandro on a firm foundation for long-term fiscal sustainability.
- Advance projects and programs promoting sustainable economic development, including transforming San Leandro into a center for innovation.

- Maintain and enhance San Leandro's infrastructure.

Previous Actions

- On February 10, 2015, the City Council held a Work Session to review options related to the adoption of a potential CWA and receive feedback from stakeholders.
- On April 20, 2015, the City Council adopted Resolution No. 2015-086, appropriating \$100,000 in one-time funding for outreach and implementation of a CWA.
- On June 15, 2015, the City Council approved the Community Workforce Agreement that was negotiated with the Alameda County Building and Construction Trades Council (BTC) and its affiliated local unions to govern labor procedures for City construction projects valued above \$1,000,000.
- On May 16, 2016, staff provided an update on implementation of the CWA.
- On December 5, 2016, staff provided an update on the first year of projects constructed under the CWA.

Committee Review and Actions

- At meetings on March 17, 2015 and April 21, 2015, the City Council Finance Committee discussed the CWA and indicated support for bringing the item back to the City Council for adoption.
- On March 7, 2017, staff updated the City Council Finance Committee on the implementation of the CWA and subsequent impact on City projects.
- On December 3, 2018, staff updated the City Council Facilities and Transportation Committee on the nine projects awarded under the first term of the CWA.

Applicable General Plan Policies

- Policy CSF-6.8: Maintenance: Ensure that sufficient funding is provided for the ongoing maintenance of City owned facilities, including streets, street lights, traffic signals, landscaping, street trees, storm drains, public buildings and other infrastructure.
- Policy ED-6.6: Job Training: Support job training initiatives which prepare local residents for local jobs.
- Policy ED-6.7: Job Opportunities for Residents: Support programs that encourage San Leandro employers to hire local residents.
- Policy ED-6.8: Labor: Engage organized labor, labor unions, and labor advocates in the economic development process.
- Policy ED-6.11: Career Ladders: Encourage career advancement programs to provide opportunities for upward mobility among the city's workforce. Support the growth of businesses that provide career advancement or "ladder" opportunities for employees.

Summary of Public Outreach Efforts

2016

On March 24, 2016, staff hosted an expo where it, alongside representatives from local unions and public agencies, educated over seventy San Leandro and Alameda County participants on contracting with the City and how to navigate the provisions of the Local Business Preference policy as well as the CWA.

On May 9, 2016, June 4, 2016 and July 11, 2016, staff educated community members about CWA at District Town Halls and the Cherry Festival.

On October 13, 2016, staff held a meeting with region partners Alameda County General Services Administration, BART, Port of Oakland as well as other local agencies to discuss strategies for CWA contract goal achievement and compliance.

2017

During 2017, to achieve a high level of awareness and further understand how the goals of the CWA could be realized, staff met throughout the year with both the local business community and residents who could potentially benefit from the CWA. Additionally, staff discussed opportunities and identified barriers to accessing employment created by the CWA's local hire goals with key stakeholder groups such as veterans, organizations advocating for homeless and marginally housed individuals and survivors of domestic violence as well as pre-apprenticeship and training programs and local school and community college districts.

2018

Throughout this year, staff continued discussion of local hire statistics, trends as well as regional strategies to overcome barriers to entry into trades with partners such as Alameda County, Port of Oakland, BART, AC Transit and the cities of Berkeley, Hayward and Oakland. Staff analyzed overall local hire participation in San Leandro's CWA contracts and prepared staffing forecasts for probable CWA projects over the next four fiscal years.

Legal Analysis

The City Attorney's Office reviewed the proposed side agreement and approved it as to form.

Fiscal Impacts

The total estimated cost for administration, compliance and consulting services for workforce development and local business inclusion is \$90,750 as detailed below:

BABRT Consulting Contract	\$60,000
<u>CWA Administration & Compliance</u>	<u>\$30,750</u>
Total	\$90,750

Budget Authority

Funding for administration, compliance, and consulting services for workforce development and local business inclusion will use funds set aside for Local Preference Policy Implementation as follows:

<u>Account No.</u>	<u>Source</u>	<u>Fiscal Year</u>	<u>Amount</u>
010-14-010	General Fund-Community Investment	2018/19	\$90,750
Total Appropriation			\$90,750

ATTACHMENTS

Attachments to Staff Report

- Community Workforce Agreement approved June 15, 2015

Attachments to Related Legislative Files

- CSA - Bay Area Business Roundtable Workforce Development and Local Business Inclusion Services

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