



LOVE WHAT YOU DO



Associated Builders
and Contractors, Inc.

Northern California
Chapter



PLA Study Session Santa Clara USD June 14, 2018

Our mission: To promote free enterprise by advancing the merit shop philosophy in the construction industry through education, advocacy and business services. | abcnorcal.org

WHAT WE ARE ALL ABOUT

2017 ABC NorCal Apprenticeship Graduates



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WHAT WE ARE ALL ABOUT

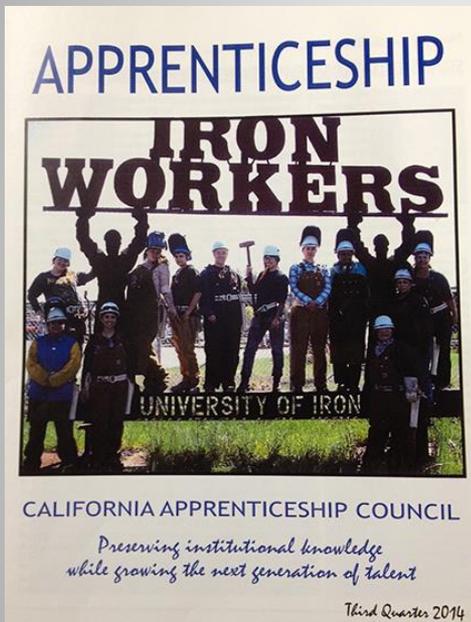
- Represent 22,000 merit shop construction workers
- Represent over 500 construction and construction related firms
- “It’s about increasing opportunities for ALL workers regardless of affiliation.”

WORKFORCE DEVELOPMENT

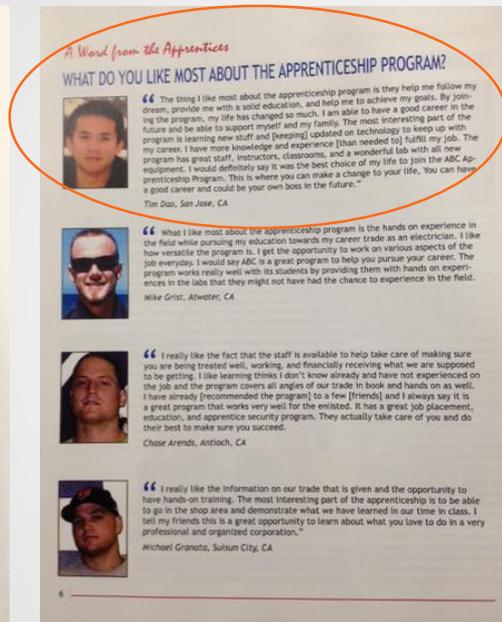
- Craft Training & Journeyperson Upgrade Training
- State and federally approved apprenticeship programs in carpentry, construction craft laborer, electrical, painting and plumbing
- OSHA & Safety Training
- We train over 1,000 people each year in our apprenticeship, construction leadership & craft training programs from all walks of life
- Middle School/High School Construction Hands-On Labs

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CALIFORNIA APPRENTICESHIP COUNCIL NEWSLETTER



The California Apprenticeship Council's third quarter newsletter highlighted **four** ABC NorCal apprentices and what they liked the most about their apprenticeship program.



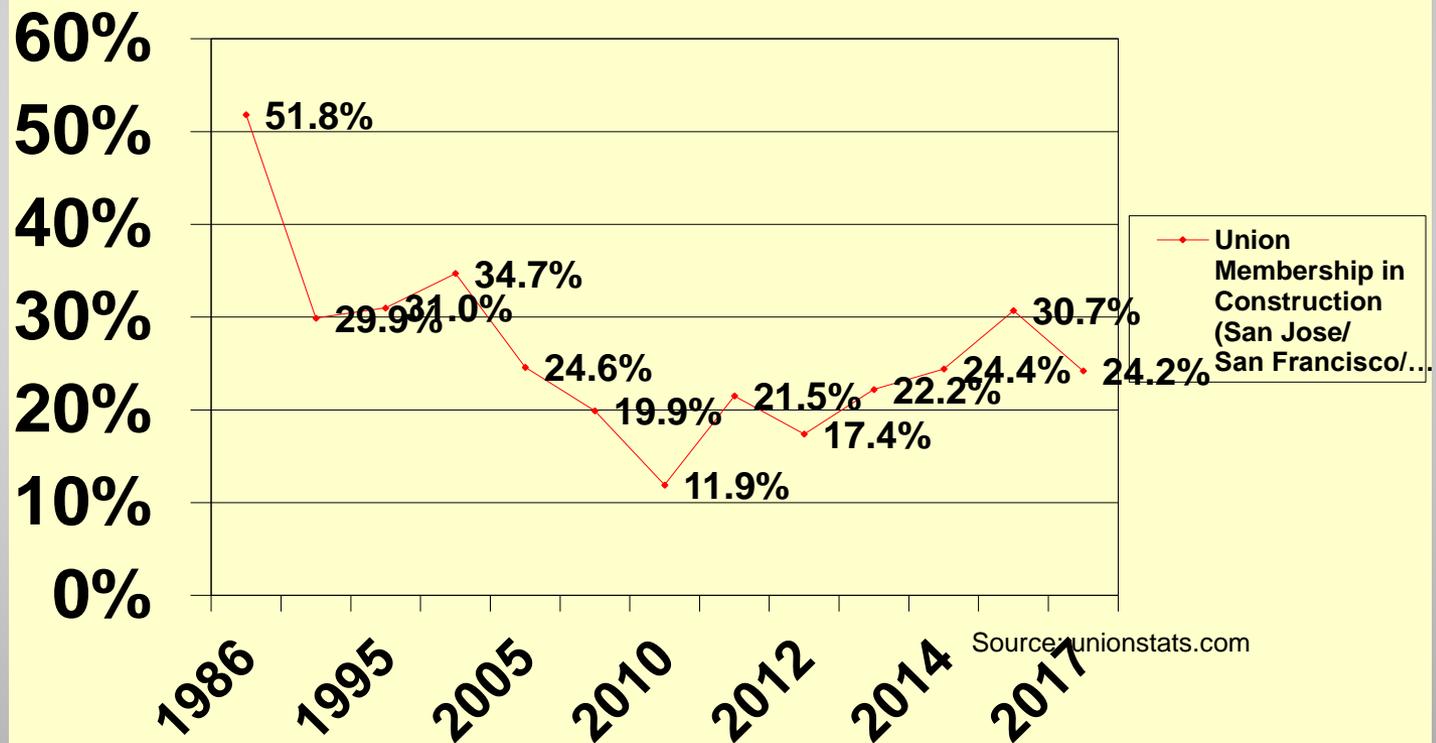
“Thing I like the most about the apprenticeship program is that they help me follow my dream, provide me with a solid education and help me achieve my goals...”

I would definitely say it was the best choice of my life to join the ABC Apprenticeship Program. This is where you can make a change to your life. You can have a good career and be your own boss in the future.”

-Tim Dao, San Jose, CA

The FREEDOM to CHOOSE

75.6% of Bay Area workers are choosing not to belong to a union



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What is a Project Labor Agreement (PLA)?

- An exclusionary labor agreement that discourages the vast majority of local contractors and small business owners from competing on and winning construction projects
- Introduced as a tool to local school, city, county, state and federal officials by State and Local Building and Construction Trades Council Representatives



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What the State Building and Construction Trades Council says about PLAs:

- The vast majority of workers are dispatched from union hiring halls to both union-signatory contractors and otherwise non-union contractors that are signatory only to the PLA.



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Almost Every Construction Trade Organization opposes PLAs

Opposed:

Air Conditioning and Trades Association
American Subcontractors Association
California Subcontractors Association
American Road Builders and Transportation Association
Asian American Contractors Association
Associated Builders and Contractors
Associated General Contractors
Black Contractors Association
Bay Area Black Contractors Association
Californians for the Advancement of Apprenticeship & Training
Golden State Builder's Exchanges
Independent Roofing Contractors of California
Independent Electrical Contractors Association
Kern Minority Contractors Association
National Association of Minority Contractors
National Association of Women in Construction
Painting Decorating Contractors Association
Plumbing and Heating Contractors of California
Western Electrical Contractors Association
Independent Electrical Contractors Association
Santa Clara Chamber of Commerce
Silicon Valley Organization

In Favor:

Building Trades

Concerns for NON-UNION WORKERS

- Union dues requirement for non-union workers on or after 8th day (less money on pay-check)
- Companies are forced to lay off productive non-union workers
- Requires payment into union pension programs in which workers may never vest
- Requires payment into union health & welfare program. The number of work hours required for initial eligibility by participants that have never been covered under the Active Plan will be 300 hours in a work quarter. (Southwest Carpenters)
- Non-union apprentices cannot learn their trade and work on these jobs in their own communities due to the restrictive language in the Project Labor Agreements



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Non-union workers lose money on PLA jobs

Example – PLA vs Non-PLA Hourly Wage

Prevailing Wage for non-union worker Santa Clara County		
		Plumber
Basic Hourly Rate	Hourly	\$60.91
Health and Welfare	Hourly	\$16.21
Pension	Hourly	\$21.92
Vacation and Holiday	Hourly	\$ -
Training	Hourly	\$1.45
Other	Hourly	\$0.85
Total Prevailing Wage	Hourly	\$101.34
[Payments a non union non PLA worker would see or receive benefit for]		

Example – PLA vs Non-PLA Hourly Wage Continued

Additional costs to non union employee under a PLA:		
Estimated initiation fee amount, cost to join and be dispatched by union under a PLA project.	Lump Sum	\$1,800.00
Fee spread out to 500 hours.	Hourly	\$3.60
Fee spread out to 1000 hours.	Hourly	\$1.80
<hr/>		
Loss of pension contribution due to union vesting requirement	Hourly	\$21.92
Funds kept by union trust fund		
<hr/>		
Estimated Representation Fees	Hourly	\$1.65
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Under a PLA a non union worker working the below hours makes less per hour than on projects without a PLA.		
500 hours worked	Hourly	\$(27.17)
1000 hours worked	Hourly	\$(25.37)
True Wages and Benefits For Non Union Workers Under a PLA		
500 hours worked	Hourly	\$ 74.17
1000 hours worked	Hourly	\$ 75.97
[Employee is hit with a large pay cut under a PLA]		
Benefit dollars could be even less if employee does not work long enough to be covered by union health plan, in which case the union trust keeps that money as well.		

Concerns for the SCHOOL DISTRICT

- Less than 5% of CA school districts utilize PLAs
- Negotiations can take up to two years adding delays and legal fee expenses
- It costs money to administer a PLA. The related professional services add to the expense.
 - Riverside CCD \$1,800,000
 - San Diego USD \$1,000,000

Concerns for the TAXPAYERS

Reduction of bidders and increased costs

\$39M Pinole-Hercules Wastewater Treatment Plant Expansion

- 10 bidders pre-qualified for the Project
- 8 bidders present for mandatory job walk
- 2 bids received and opened on 12/10/15
- Bids came in at 8% and 22% above engineer's estimate of \$39M

San Mateo Community College District Building 17 Learning Communities Modernization Project

- Two Bids Received – lowest bid exceeded construction costs by 66%
- Bids Rejected

Concerns for the TAXPAYERS

- Increased Costs

- Oxnard UHSD Rancho Campana High School

- Bid 20% over estimate - \$49M to \$58M
- Final Cost- \$78.2M

- West Contra Costa Unified School District
Kennedy High, El Cerrito High and Coronado
Elementary

- \$26M added to bond program budget due to lack of bidders
- **37% increase** over \$44.8 Million allocation

Concerns for the TAXPAYERS

- Delays

Salinas Union High School District – Rancho San Juan High School

- Already a year behind
- District will be installing portable classrooms as it is doubtful that permanent buildings will be ready to accept students next year
- Multiple Change Orders totaling \$M's

Only a handful of 32 Santa Clara County School Districts utilize PLAs

San Mateo Community College District is in the process of re-evaluating their PLA program

- Alum Rock Union Elementary School District
- East Side Union High School District
- Foothill-DeAnza Community College District
- Fremont Union High School District - All Outdoor Athletic Facilities
- Milpitas Unified
- San Jose/Evergreen Community College District

What do Independent Studies say?

- EBMUD conducted PLA survey of its union and non-union contractors
 - 100% said PLAs increase costs
 - 64% said PLAs were a disincentive to bid
- Unknown, potentially-significant project cost increases if CDCR entering into a community workforce agreement results in fewer contract bids or higher associated construction costs for projects over \$500,000. (SB 825 Senate Appropriations Analysis 4-23-18)
- Survey your contractor community – every survey ever conducted shows PLAs increase costs and are a disincentive to bid (i.e. SJUSD survey)

Hartnell College Local Hire Comparison

- **Salinas Chamber case study at Hartnell College** in the Monterey County market demonstrated that a PLA will result in fewer local jobs not more. Without Project Labor Agreements, 56% of the money spent stays in the local economy. With PLAs, only 10% stays.

Hartnell College Local Hire Comparison

- \$17M PLA Library
 - \$ Local Contractors 15.5%
 - % Local Contractors 13%
- \$17M PLA Parking Structure
 - \$ Local Contractors 5.2%
 - % Local Contractors 6%
- \$19M Non PLA Center for Applied Technology
 - \$ Local Contractors 70%
 - % Local Contractors 42.3%
- \$23M Non PLA Science Center
 - \$ Local Contractors 44.7%
 - % Local Contractors 17.1%

SOLUTIONS for Santa Clara USD

- Adopt **FAIR** and **OPEN** language
- **ALL** sides should be represented in any negotiations
- Allow for **ALL** state approved apprentices to work on the project
- Allow contractors to hire their **CORE** workforce
- Allow contractors to pay health and pension benefits into their employees' **OWN** plans to care for them and their families
- Use an alternate bid approach
- Rebid the project **WITHOUT** a PLA if there are three bidders or less on project
- Set a **HIGH** Local Hire goal that benefits the workers in the community
- Establish metrics for **PROPER** PLA compliance, accountability, and transparency

THANK YOU for allowing us to be part of
your decision making process

For more information about PLAs, visit thetruthaboutplas.com
ABC NorCal (@NorCalABC)
www.facebook.com/norcalabc
#lovewhatyoudo

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