



Napa County

Board Agenda Letter

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Board of Supervisors

Agenda Date: 10/15/2024

File ID #: 24-1363

TO: Board of Supervisors
FROM: Steven Lederer, Public Works Director
REPORT BY: Steven Lederer, Public Works Director
SUBJECT: Presentation of Project Labor Agreement

RECOMMENDATION

Receive a presentation regarding the possible use of a Project Labor Agreement on a future project. (Unknown Fiscal Impact; Discretionary)

BACKGROUND

At the Board of Supervisors meeting on July 9, 2024, Supervisors requested a report on the possible use of a Project Labor Agreement (PLA) on a future project, such as the renovation of Building 4 at South Campus.

The Board has discussed the use of PLAs in the past, most significantly prior to construction of the re-entry facility, and then again prior to construction of the replacement jail. At the urging of a Supervisor who led the negotiations, the County entered into discussion with the Trade Unions for a PLA. The Board established specific goals for the negotiations, including a focus on local hiring and the use of local companies (many of whom were non-union). After several months of negotiations, the County and the Trade Unions concluded that a deal could not be reached which would meet the Board's goals and that would also be acceptable to the various Trades who would need to also agree. The Supervisor recommended that the Board terminate the negotiations, which they did.

The Board again considered engaging in PLA discussions prior to constructing the replacement jail, and again determined the time was not right for a PLA. The attached staff report from December 7, 2019 describes the discussion and reasoning of the Board at that time.

Additional information in support of and against use of PLAs is attached. On one key point, it is widely believed that PLAs increase cost (estimates range from 5-15%) because fewer contractors are willing to submit bids. Attached is a study that indicates in one case the cost was not higher. Unfortunately, there is no firm data on exactly how much a PLA may or may not increase the cost of a project.

Direction to negotiate a PLA, or not, are both valid policy options. There are positive and negative factors, and those factors can change over time and dependent on the type of project. In general, when PLAs have been used elsewhere, they are generally adopted for large, complex, building projects. To summarize, here are some of

the benefits (to the County), non-benefits, and points of consideration.

Benefits:

PLAs generally include a “No strike” provision. While this has never been a problem for a Napa County project, it is potentially a benefit to the County on a large, complex, long time frame project where labor unrest could cause a significant and costly delay.

PLAs promote unions, and union labor. Unions historically have been leaders in apprentice programs, which train new workers and thereby present a path into the construction field for those that might not otherwise have that path open to them. This also supports creation of the workforce needed for the industry in the future, which benefits the overall economy.

Not Benefits:

Cost: As mentioned above, there are many studies available, none of which conclusively determine how much a PLA increases costs of a project. Industry professionals estimate increased costs of 5%-15%, based partly on the fact that some companies will not bid on a project that has a PLA, or that they will raise their bid to cover the costs inherent in PLA requirements. There are others who claim that PLAs do not ultimately materially increase costs.

It is inherently true that anything that adds increased requirements or reduces bidders will in fact add costs. Based on the various inputs, the amount of this increase is somewhere between de minimus and 15%.

Other factors to consider:

Timing: A PLA is included in the construction documents and the bid package for a project. It can take several months to complete a PLA, so it is important to make the PLA decision very early in the process to ensure there is time to finish the PLA before bid documents are created to not delay the project.

Non-union contractors: In the past, non-union contractors have voiced the following concerns regarding projects that have PLAs:

1. Pay double benefits: Most non-union contractors are already paying their workers various benefits, including healthcare and retirement. For a non-union contractor to work on a contract with a PLA, those workers must join the union, and the contractor and their workers must pay into the unions’ benefits packages, thus duplicating these costs. This could discourage non-union contractors from participating on the project or cause them to increase their bid cost.
2. Core workers: Except for management, non-union contractors cannot use their own employees, but instead must use labor from the local union hall. Previous PLA discussions revolved around how many, if any, of the contractors’ workers could work on the project. These are called “core workers”. No agreement was ever reached regarding how many “core workers” would be allowed. (The County wanted more to support employees of local non-union contractors, the Trade Unions wanted fewer, to support workers at the union hall).

Other factors that are sometimes discussed but really aren’t applicable:

Wages: The County requires that workers are paid prevailing wages whether a PLA is in place or not.

Local hiring: PLAs don’t directly create or hurt local hiring. Workers are hired thru the union hall, and no

provision is available for hiring local (Napa) workers first. Based on the “Core Worker” issue discussed above, it is possible that some local workers who work for a local non-union contractor may be advantaged or disadvantaged by a PLA.

Recommendation:

Providing a recommendation is challenging when it is unclear what certain benefits may actually cost. The County is currently challenged to fund competing operational and program demands, including critical facility and infrastructure maintenance needs, wildfire resilience, housing, and workforce, so it is difficult to possibly increase costs on new projects. If the Board concludes that the benefits to be achieved from a PLA warrant such a potential financial impact, staff recommends negotiation of a PLA for the upcoming construction project to rehabilitate Building 4 at South Campus. If construction ultimately costs \$40 million, and the cost of the PLA is 5%, then the Board’s exposure would be about \$2,000,000. Such an effort could inform the decision of the Board as to how to then move forward with PLAs on future projects.

Procedural Requirements:

1. Receive Staff Report
2. It is recommended that the Board provide ten minutes for a representative to speak in favor of PLA use, and ten minutes for a representative to provide the alternative position.
3. Public Comment
4. Provide Direction

Requested Actions:

1. Receive a presentation regarding the possible use of a Project Labor Agreement (PLA) on a future project.

FISCAL IMPACT

Is there a Fiscal Impact?	No
Is it Mandatory or Discretionary?	Discretionary

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Cod of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.