

<p style="text-align: center;">SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY <b>STAFF REPORT</b></p>	<p style="text-align: center;"><b>ITEM NO.</b>  <b>18</b></p>
<p><b>SUBJECT:</b></p> <p><b>BOARD DISCUSSION AND DIRECTION TO STAFF REGARDING THE POSSIBLE IMPLEMENTATION OF A PROJECT LABOR AGREEMENT FOR THE TERMINAL DEVELOPMENT PROGRAM</b></p>	<p><b>MEETING DATE:</b></p> <p style="text-align: center;"><b>JUNE 4, 2009</b></p>
<p><b>RECOMMENDATION:</b></p> <p>Provide direction to staff relative to the possible use of a Project Labor Agreement (“PLA”) for the Terminal Development Program.</p>	
<p><b>COMMITTEE DISCUSSION:</b></p> <p>A presentation regarding the use of PLA’s, in both public and private sector projects, was made at the May 20, 2009, San Diego County Regional Airport Authority Executive Committee (“Executive Committee”) meeting/workshop and further discussion and/or action was referred to the full San Diego County Regional Airport Authority Board (“Board”) for discussion and direction to staff, at its June 4, 2009 meeting.</p>	
<p><b>BACKGROUND:</b></p> <p>The challenges and opportunities utilizing a PLA for the Terminal Development Program were presented at the May 20, 2009, Executive Committee meeting. Anthony Wigglesworth, Executive Director of the Philadelphia Area Labor-Management Committee, gave a presentation that described in detail the workings of a PLA. The American Association of General Contractors, as well as a representative of the Trades Union, made specific comments relative to the use of PLA’s on local San Diego projects. At the conclusion of the workshop, the Executive Committee forwarded the issue for discussion and possible action by the full Board at its June 4, 2009 meeting.</p>	
<p><b>JUSTIFICATION:</b></p> <p>Resolve the question to use or not to use a PLA for the Terminal Development Program.</p>	

**FISCAL IMPACT:**

Full effect is unknown; however, funding would come from the TDY budget.

**ENVIRONMENTAL REVIEW:**

This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. Section 15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code Section 21065.

This Board action is not a "development" as defined by the California Coastal Act Pub. Res. Code Section 30106.

**EQUAL OPPORTUNITY PROGRAM:**

Not applicable.

**PREPARED BY:**

BRYAN ENARSON  
VICE PRESIDENT, DEVELOPMENT

# San Diego County Regional Airport Authority

Presentation on  
Project Labor Agreements  
June 4, 2009

Presented by  
Anthony J. Wigglesworth, Executive Director  
Philadelphia Area Labor Management  
Committee and  
Facilitator, Delaware Valley User's Council

# Description of Project Labor Agreements (PLA's)

PLA's are:

- Agreements between contractors and labor organizations, often involving end users

# Description of Project Labor Agreements (PLA's)

- Agreements that establish uniform rules on construction projects which signatory parties pledge to honor,

# Description of Project Labor Agreements (PLA's)

- Agreements that recognize local or overlay collective bargaining agreements and reference union hiring hall procedures,

# Description of Project Labor Agreements (PLA's)

- Agreements that exchange union market share for predictability and labor peace.

# A Project Labor Agreement Timeline

- Late 1930's/Early 1940's: Project Labor Agreements established for major public works projects, including Shasta Dam.
- 1950's to present: Project Labor Agreements utilized on a discretionary basis by private employers and users of construction services.
- 1993: The Boston Harbor decision confirms the legality of use of project labor agreements on public construction projects.
- 1997: The Federal government encourages the use of project labor agreements on contracts over \$5 million for construction projects.
- 2001: The Federal government prohibits project labor agreements on federally funded/assisted construction projects.
- 2009: The Federal government permits project labor agreements on federally funded projects

# Project Labor Agreements usually include:

- A prohibition on work stoppages and lock-outs,
- The establishment of consistent hours of work, overtime, shift considerations and holidays,
- A jurisdictional adjudication process,
- An agreement-specific alternative dispute resolution and adjudication process,
- Enhanced safety procedures,
- Consistent drug and alcohol programs,
- Universal adherence to Owners Controlled Insurance Programs or other insurance programs.

# Project Labor Agreements often:

- Supersede local collective bargaining agreements.
- Bind the participants to:
  - Targeted workforce demographics,
  - Encouragement for small business growth,
  - Increased use of apprentices,
  - Exclusions for core employees and identified work scope.

# Effects of Project Labor Agreements

Project Labor Agreements usually result in:

- More job site consistency,
- A chilling effect on the participation of open shop contractors,
- An increase in bid prices due to a reduction in competition.

# Market Considerations in Assessing the Advisability of Project Labor Agreements

- Current economic circumstances
  - Buyers vs. sellers market
  - Local availability of skilled workforces
- Political considerations

# Use of Project Labor Agreements

- Given the fractured history of the acceptance of project labor agreements on publicly funded projects, the majority of national project labor agreements continue to be on private, not public work.
- According to national estimates, over 70% of project labor agreements have been negotiated for private projects.

# Advantages and Disadvantages of Project Labor Agreements

## General Observations:

- Arguments for and against project labor agreements are strongly polarized, with labor organizations and union contractors uniformly in favor of project labor agreements, and most business interests against them.
- This polarization has resulted in a scarcity of objective information and analysis and a wealth of reports and data which support either pro or con positions .

# General Arguments Against Project Labor Agreements

- Reduces competition in the bid and award process on construction projects,
- Disadvantages open shop contractors and their use of core employees,
- Stifles innovation on the part of contractors who might identify alternative means and methods as a way of reducing costs,
- Reduces dynamic tension on a project, thereby increasing a “comfort zone” which may not inure to the benefit of the project,
- Codifies traditional work inefficiencies vis-à-vis jurisdictional reinforcement and work rule divisions.

# General Arguments for Project Labor Agreements

- Develops consistency and work force alignment on construction projects,
- Minimizes the possibility of surprises, resulting in better schedule adherence and lower final cost
- Insures labor peace,
- Supersedes local collective bargaining agreements and provides for closer employer/employee communication and coordination,
- Insures that the intent behind prevailing wage provisions is carried out,
- Provides a sufficient number of skilled workers,
- Permits the adoption of social impact initiatives,
- Improves safety focus and outcomes,
- Provides a vehicle for reduction in collectively bargained expenses through work rule changes and enhanced apprentice employment utilization.

# Thematic Arguments Regarding Project Labor Agreements

- Impact on craft skills:
  - Pro – provides projects the full range of apprentice and journeyman training assets maintained by participating unions
    - Reinforces and encourages industry training through contributions to local apprenticeship programs
  - Con – Precludes full employment of skilled craftspersons working for open shop contractors.
    - Removes local alternatives to collectively bargained apprenticeship programs.

# Thematic Arguments Regarding Project Labor Agreements

## ■ Consistency in the workplace:

- Pro – Creates a cooperative environment on projects by minimizing strife and providing for alternative dispute resolution and on-site adjudication.
  - Normalizes work rule, work conditions, hour and pay circumstances across participating unions and across the workforce.
  - Eliminates collective bargaining related labor strife.
- Cons – Consistency normally achieved through adoption of embedded union rules, work practices and jurisdiction.
  - Consistency comes at the price of expanding span of control for contractors and individual workers as a result of use of traditional union craft lines and divisions.

# Thematic Arguments Regarding Project Labor Agreements

## ■ Impact on Cost:

- Pro – Eliminates surprises and results in projects being delivered on time and on budget.
  - Takes advantage of prevailing wage underpinnings by ensuring that craft labor paid for is delivered.
- Cons – Past anecdotal estimated savings of 7 to 20% in bid costs attributable to not utilizing project labor agreements.
  - Cost inherent in jurisdictional work rule and work process structures maintained by traditional union building trades crafts are imposed on project.

# Thematic Arguments Regarding Project Labor Agreements

- Impact on Competition:
  - Pro – Provides level playing field and predictability since all contractors are bidding against largely common elements.
    - Yields better and more experienced contractors and roots out those less capable of managing PLA infrastructure.
  - Cons – Directly or indirectly results in fewer contractors bidding on work.
    - Decreases flexibility of bidding contractors to be innovative in their approach to estimating, bidding and performing work.

# Thematic Arguments Regarding Project Labor Agreements

- Add-Ons to Collective Bargaining Agreements
  - Pro – Provides a platform for establishing initiatives such as universal drug and alcohol testing, owner controlled insurance programs.
    - Provides a platform for targeted workforce demographics, enhanced small business opportunities, and increased use of apprentices.
  - Cons – Without adherence to collective bargaining agreements, open shop contracting can accomplish many of the same ends through imposition.