



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
June 6, 2023

TOPIC: Approve Proposed Community Workforce Agreement

AGENDA TITLE

Approve Proposed Community Workforce Agreement (CWA) with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions

RECOMMENDED ACTION

Authorize the City Manager to execute the Community Workforce Agreement with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions for Public Works Construction Contracts over the recommended thresholds of \$2,500,000 and Specialty Contracts over \$1,000,000, for a ten-year term beginning June 6, 2023 and ending June 6, 2033, subject to non-substantive changes approved by the City Manager and the City Attorney.

DISCUSSION

On February 21, 2023, the City Council directed Staff to enter into negotiations with the Los Angeles and Orange Counties Building and Construction Trades Council (LA/OC BCTC) to work and build on the City's expired Community Workforce Agreement (CWA) which establishes labor relations policies and procedures for the City. The purpose of the CWA is to support the efforts of the City to increase Union employment opportunities for workers who live in Santa Ana, to help increase training and employment opportunities for the City's students in the construction trades through apprenticeships, to promote the efficiency of construction operations performed for the City of Santa Ana, and to provide peaceful settlement of labor disputes and grievances without strikes or lockouts.

Since that time, City staff has engaged in productive meetings and exchange of proposals with the Trades Council. The parties have reached an agreement on all provisions, with the exception of the threshold for application of the CWA.

Professional staff reviewed numerous community workforce agreements in place at local agencies, as well as consulted with professional counterparts at both local agencies and agencies in northern California and Oregon, to recommend the most appropriate project contract thresholds for the application of the CWA. While the details

of each agency's CWA are different, the thresholds applied generally correlate with the size of the agency and the scale of projects it delivers. For example, a small city like Palmdale, CA has a CWA threshold of \$250,000, while a large agency like the City of Portland, OR (Portland Metro) has a CWA threshold of \$5 million. Locally, Orange County cities like Anaheim and Costa Mesa have project-based CWAs that list specific projects where their CWA applies, rather than a dollar threshold. In an effort to balance between the support for trained and skilled union workforce, disadvantaged business enterprises (DBEs), and small scale local vendors, staff recommends setting a CWA applicability threshold commensurate with the scale of our city and the public works construction projects it delivers.

The proposed CWA (Exhibit 1) would apply to City multi-trade public works construction contracts that exceed \$2,500,000 and specialty contracts that exceed \$1,000,000—the professional staff-recommended thresholds. Specialty contracts are contracts with a single specialty contractor which is either limited to a particular, single trade, or craft limited to a singular scope.

Given the unpredictable nature of inflationary forces experienced in the past year and the corresponding increased cost to deliver construction projects, staff recommends including an annual threshold escalator tied to the California Construction Cost Index (CCCI), especially given the 10-year term of the proposed CWA.

The City currently has over 50 active public works construction projects totaling over \$157 million, with an additional \$37 million in projects planned for next fiscal year. Based on the City's current and projected Capital Improvement Program (CIP), it is estimated that 80% of all dollars spent on CIP projects will be on projects covered by the CWA.

In accordance with State Law, all public works contracts, regardless of CWA, are subject to competitive bidding and the requirement to pay prevailing wage. The City is required to award public works construction contracts to the lowest responsive and responsible bidder.

Key provisions of the CWA

The proposed CWA sets baseline thresholds, annually adjusted for inflation, for the cost of public works construction project that will be covered by the CWA. The cost of a project directly correlates to the size, scope, and duration of a project. Based on the City's current and projected Capital Improvement Program (CIP), it is estimated that 80% of all dollars spent on CIP projects will be on projects covered by the CWA.

The proposed CWA will be in effect for 10 years, providing stability in requirements and expectations in project delivery for both employers bidding on projects and employees hired to build the projects.

For projects covered by the CWA, the Unions agree that they shall not incite or encourage, condone, or participate in any strike, walk-out, slow-down, picketing, observing of picket lines, or other activity of any nature, for any cause or dispute whatsoever with respect to or in any way related to covered projects. The Agreement provides for binding arbitration of grievances.

Contractors working on projects covered by the CWA must, in filling craft job requirements, utilize and be bound by the registration facilities and referral systems established and authorized by the Unions who are signatory to the CWA. This is commonly referred to as a Union hiring hall. Contractors retain the right to reject any applicant referred to them through the job referral system, determine the competency of all employees, determine the number of employees required, and the duties of such employees. If any Union's registration and referral system does not fulfill the requirements for specific classifications requested by any Contractor within 48 hours, the Contractor may employ applicants meeting such classifications from any other available source.

The Unions and Contractors agree, to the extent allowable by law, and as long as they possess the requisite skills and qualifications, to exert their best efforts to refer a sufficient number of skilled Craft local residents, Veterans, and Building Trades Multi-Craft Core Curriculum Pre-Apprenticeship (MC3) Program graduates. The CWA sets forth a goal of 30% of the total work hours shall be performed by local residents with a preference for workers residing within Santa Ana and Veterans regardless of where they reside. If there are not enough Santa Ana residents and Veterans to fulfill the requirements of the employers under the CWA, the Unions shall exert their best efforts to then recruit and identify for referral residents within Orange County and MC3 graduates regardless of where they reside.

Administration of the CWA:

In accordance with the proposed CWA, the City is the CWA Administrator and is responsible for ensuring contractors comply with the provisions of the CWA. Based on the City's current and projected CIP, it is estimated that 80% of all dollars spent on CIP projects will be on projects covered by the CWA.

To effectively carry out the duties of the CWA Administrator, the City must adequately staff the Construction Management Section and intends to allocate funds for these positions in future budget years. In the interim, the City will engage contractual services to administer the CWA. The estimated annual cost for these contractual services is \$150,000. The current fiscal year will not be impacted, and the costs of contractual services will be reflected in future fiscal year budgets.

At this time, it is estimated that this CWA will add an additional 10-20% for public works construction project's construction phase costs. The order of magnitude based on next fiscal year's proposed CIP is \$2.1 million to \$4.2 million annually, of which \$210,000 to

\$420,000 is attributable to the General Fund, and the balance to grants and enterprise funds. This amount will vary from year to year based on the type and quantity of projects approved by the City Council.

FISCAL IMPACT

Approval of the Community Workforce Agreement (CWA) is projected to increase construction phase project costs from between ten to twenty percent according to industry feedback and recent analysis and experience with bids received for projects awarded under previous CWA and those awarded after CWA expiration. The Capital Improvement Program for Fiscal Year 2023-24 is being finalized for City Council consideration; preliminary estimates for total project delivery costs of capital projects in FY 2023-24 is \$37 million. Utilizing this figure, approval of the recommended CWA may result in an increase to project costs of approximately \$2.1 million to \$4.2 million in FY 2023-24 once actual bid results are received. The General Fund is utilized for approximately 10 percent of FY 2023-24 capital project expenditures.

EXHIBIT(S)

1. Community Workforce Agreement

Submitted By: Nabil Saba, P. E., Executive Director, Public Works Agency

Approved By: Kristine Ridge, City Manager