



City of Sunnyvale

Agenda Item

24-0089

Agenda Date: 2/15/2024

2024 COUNCIL STUDY ISSUE

NUMBER

DPW 24-07

TITLE Explore the Benefits and Costs of Project Labor Agreements (PLAs) to Establish the Terms and Conditions of Employment for Specific City Construction Projects

BACKGROUND

Lead Department: Public Works Department

Support Departments: Office of the City Manager
Office of the City Attorney Finance Department

Sponsor(s): Councilmembers: Klein, Sell, Mehlinger, Din, Melton, Srinivasan

History: 1 year ago: N/A
2 years ago: N/A

SCOPE OF THE STUDY

What precipitated this Study?

At the November 28, 2023 Council Meeting, Mayor Klein proposed this Study Issue as a result of conversations he had with other agencies and community groups. Several Councilmembers cosponsored this item with the intent of seeing if implementing Project Labor Agreements (PLAs) would gain efficiencies for the City's construction projects.

What are the key elements of the Study?

This Study would utilize a consultant to:

- Provide context around what a Project Labor Agreement is and how it might be used within the City of Sunnyvale, including general terms, conditions, requirements, and thresholds for usage.
- Gather information on other agencies' use with an emphasis on other nearby local agencies, and the common terms and conditions employed.
- Gather information on when a PLA is required, for example, when the federal funding involved is over \$35 million.
- Identify general requirements, implementation schedule relative to construction schedules, and any necessary enforcement.
- Determine pros and cons of utilizing a PLA specific to Sunnyvale.
- Determine costs to deploy PLAs.

Although PLAs first were utilized in the 1930's for federal government dam projects, they are not commonly used locally and are not currently utilized in the City of Sunnyvale for its construction projects. At one point, seven jurisdictions banned the use of PLAs within their communities. Notably,

in November 2023, San Diego overturned their ban on PLA's that was enacted in 2012.

PLAs have been a recent topic of discussion, with the federal government's Department of Labor strongly encouraging the use of PLA's, stating that these pre-hire agreements can benefit both contractors and owners by stipulating terms and conditions of the construction work. Common provisions include no strikeout/lockout, and local hire or disadvantaged business requirement thresholds.

Estimated years to complete Study: 1.5 years

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost):	Moderate
Funding Required for Non-Budgeted Costs:	\$100,000
Funding Source:	Will seek budget supplement - General Fund

It is anticipated that a consultant would be retained for the Study. After the information is gathered, the Public Works Department would work closely with the Finance Department to determine how implementation of a PLA could impact purchasing timelines for construction bidding.

Cost to Implement Study Results

Unknown. The Study would include assessment of potential costs, including capital and operating.

EXPECTED CITY COUNCIL, BOARD OR COMMISSION PARTICIPATION

Council-Approved Work Plan: No

Council Study Session: Yes

Reviewed by Boards/Commissions: None

STAFF RECOMMENDATION

Defer. This policy issue merits discussion at a future Study Issues Workshop.

Staff recommends deferring this item. Typically, public works construction contracts follow Caltrans' standards, which stem from the federal government. On December 18, 2023, the Federal Office of Management and Budget issued a memorandum regarding use of project labor agreements on large scale (i.e., at least \$35 million) federal construction projects. It is anticipated that Caltrans will soon release guidance as part of its local assistance procedure manuals (LAPM) for local agency usage.

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