



CRA/LA

Building communities with jobs & housing

Community Redevelopment Agency
of the CITY OF LOS ANGELES

DATE / **FEB 21 2008**

FILE CODE /

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CRA File No. **5222**

Council District: **1-15**

Contact Person: Alexandra Paxton
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Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

Attention: Alan Alietti, Office of the City Clerk

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum, revised and adopted by the Agency Board on 2/21/08, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

APPROVAL OF CONSTRUCTION CAREERS AND PROJECT STABILIZATION
POLICY

RECOMMENDATION

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The recommended action does not constitute a "project" as defined by the California Environmental Quality Act "CEQA")

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund, as a result of this action.

Cecilia V. Estolano, Chief Executive Officer

cc: Alan Alietti, Office of the City Clerk (Original & 3 Copies on 3-hole punch)
Lisa Johnson Smith, Office of the CAO
Ivania Sobalvarro, Office of the CLA
Helmi Hisserich, Office of the Mayor
Noreen Vincent, Office of the City Attorney

MAR 03 2008

**HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT**

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REVISED

Page 2 as underlined

MEMORANDUM

DATE: FEBRUARY 21, 2008 AD0000

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CECILIA V. ESTOLANO, CHIEF EXECUTIVE OFFICER

RESPONSIBLE
PARTIES: ALEX PAXTON, MANAGER OF POLICY ANALYSIS
DONALD R. SPIVACK, DEPUTY CHIEF OF OPERATIONS AND POLICY

SUBJECT: APPROVAL OF CONSTRUCTION CAREERS AND PROJECT
STABILIZATION POLICY
ALL REGIONS (CDs 1-15)

RECOMMENDATION

That the CRA/LA Board of Commissioners, subject to City Council approval, adopt the resolution approving the Construction Careers and Project Stabilization Policy and authorize the CEO or designee to negotiate the Project Labor Agreement with the Los Angeles/Orange County Building Trades Council to implement the Policy.

SUMMARY

The purpose of this action is to approve the Construction Careers and Project Stabilization Policy, which defines a local hiring program and project labor agreement terms that would be applied to all Board-approved projects that meet certain thresholds.

The key goals of the Policy are to ensure that (1) CRA/LA-created job opportunities benefit local residents, particularly those living in or adjacent to CRA/LA project areas; (2) residents with barriers to employment have access to job opportunities; and (3) new entrants to the construction field have access to training and support to advance their careers. The Policy is appended as Attachment A.

Covered Projects would include Public Improvement contracts of \$500,000 or more; construction projects on CRA/LA-owned land; and development projects in which the CRA/LA has invested \$1,000,000 or more. Covered Development Projects with fewer than 75 units of housing and less than 50,000 square feet of nonresidential floor area would be exempted.

The local hiring program will require that developers and contractors take specific enumerated steps to ensure that 30% of all project work hours and 50% of apprentice work hours go to Community Area Residents and Local Residents (defined in the Policy), and 10% of all construction work hours go to Local Low-Income Residents (defined in the Policy). The 10% and 50% may be applied towards the 30% requirement.

The Policy would be implemented through a Local Hiring and Project Labor Agreement (LHA/PLA) that will be negotiated between the CRA/LA and the Los Angeles/Orange County Building Trades Council. The LHA/PLA would apply to any projects covered by the Policy that are approved by the Board during the term of the LHA/PLA, which is proposed at three years plus two possible one-year extensions. Once applied to a Covered Project, the LHA/PLA would be in force for all construction phases approved by the Board during the term of the LHA/PLA, even if those phases extend beyond the term of the Agreement.

The developers and contractors on a Covered Project would become parties to the LHA/PLA through the developer or contractor's agreements with the CRA/LA and through Letters of Assent with the developer or contractor's subcontractors.

Pending approval of this Policy by the Board, staff will negotiate a LHA/PLA with the Los Angeles/Orange County Building Trades Council as described in the Policy. Staff will bring the negotiated Agreement to this Board for final approval subject to City Council approval. Key terms to be negotiated in the LHA/PLA include the local hire provisions, an accommodation to encourage participation by small, local businesses, and requirements for the unions to track their success at enrolling and retaining new apprentices from the targeted populations.

This Policy would become effective upon execution of the LHA/PLA. If the LHA/PLA is not successfully negotiated with the LA/OCBTC within 90 days of Board approval of this Policy, and if the Board has not granted an extension, the Board shall be presented with a revised Construction Careers Policy without a PLA requirement for its consideration. CRA/LA staff shall report back to the Board within 60 days on the progress of the negotiation and shall advise whether an extension will be needed.

RE

October 4, 2007 – Board authorized a Cooperation Agreement with the Bureau of Contract Administration, Department of Public Works, City of Los Angeles in the amount of no more than \$800,000 per year for three years to monitor some of the CRA/LA local hire requirements, including requirements that arise out of this Policy

December 12, 2007– City Council approval of October 4, 2007 Board action

December 6, 2007 – Board approved a list of pre-qualified Jobs Coordinators in response to RFQ No. NP 4721

December 19, 2007 – City Council approval of December 6, 2007 Board action

SOURCE OF FUNDS

No additional CRA/LA funds are required for this action.

PROGRAM AND BUDGET IMPACT

There is no additional significant impact to the CRA/LA's Work Program and Budget. There may be marginal cost implications for projects, which may result in some requests for additional CRA/LA financial assistance. In such cases, funds will be allocated from appropriate Project Area Work Program Budgets.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a "project" as defined by the California Environmental Quality Act.

BACKGROUND

As it removes blight and creates new physical spaces in its project areas, the CRA/LA is also supporting the creation of jobs. Some of the most lucrative are in the construction industry. Skilled construction workers can earn up to \$50 hourly, and receive health and pension benefits. In addition, because construction is one of the few remaining career paths with family-supporting wages and benefits that are open to people with barriers to employment, it is a significant opportunity to give an individual a chance to transform his or her life.

The Construction Careers and Project Stabilization Policy was designed to further the CRA/LA's mission by targeting these opportunities in the construction industry to those who live in and near CRA/LA project areas, giving them not only a chance but a foothold to participate in the economic revitalization sparked by the CRA/LA and its development partners.

One challenge in developing the Policy was to expand what could be a single job opportunity into the first step on a career ladder. In order to do so, the Policy includes a required Local Hiring and Project Labor Agreement (LHA/PLA). The LHA/PLA commits construction employers to working with unions on that project. This does not mean that all construction employers have to be union companies, nor does it mean that the construction employer has to hire any individual who does not meet the standards of the job. It does mean that the unions will be the referral source for workers on that project, and that employers will invest in the union pension and healthcare funds for that employee. The employer can employ some core employees on a Covered Project, but new referrals will come through the unions.

Importantly, any project covered under this Policy would already be subject to Prevailing Wage under state law and/or CRA/LA Policy, so the hourly labor costs of projects subject to a LHA/PLA should be approximately the same as the hourly labor costs of projects with CRA/LA agreements but not covered by the Policy.

In exchange for entering into this agreement, the construction unions have agreed to open up their apprenticeship programs to the Local and Local Low-Income Residents the CRA/LA is targeting. This is critical because the union apprenticeship programs are the primary path in the Los Angeles area to increase construction skills and wages in all construction trades. Once an individual has been accepted into a union training program, he or she is offered the training, network, and support needed to advance in this career. There are a few non-union apprenticeship programs, but they are not local, they cover only a few trades, and studies show that they have very low graduation rates compared to the union training programs.

The Policy also requires that the developer of a project hire an organization to act as the "Jobs Coordinator." This organization, selected on a project-by-project basis from the CRA/LA's pre-qualified list, will facilitate implementation of the local hiring requirements, often in collaboration with community-based organizations, by recruiting, preparing, and placing candidates from the target populations for that project. This role in developing the pipeline of ready workers is critical to the success of the Policy in that many of those with barriers to employment and new to the industry will need thoughtful assessment and targeted preparation in order to pass entry level requirements and ensure that jobsites are safe, productive, and efficient. The Jobs Coordinator will also certify Local Low-Income candidates for the employer and will assist the employer in troubleshooting workforce problems as necessary.

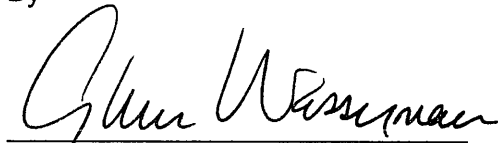
While this Policy is clearly of great benefit to the citizens and economy of Los Angeles, construction employers will also benefit. First, they will be assisting in the creation of a local workforce so that in times of high construction activity, there will continuously be an available, skilled labor pool. Second, among other things, a project labor agreement helps to ensure that a project will be delivered on time and on budget and at a high level of performance.

In addition, through the Jobs Coordinator, employers will have a service available to them to find the workers they need at the appropriate skill levels. Many employers have retained the workers they found through local hiring programs. Finally, employers can take advantage of the lower wage rates for apprentice workers who are enrolled in state-approved apprenticeship programs, and the Jobs Coordinator will help employers apply for tax credits that are available for hiring certain targeted populations for projects in designated areas.

To be very clear, the objective of the Policy is not to burden development, slow down projects, or generate liquidated damages. Rather, the goal is to support and encourage a partnership of employers, unions, and communities that, in opening the doors to construction careers for people who currently have barriers to employment, will help to increase the number of people who have access to good careers and benefits. These new local workers will re-invest in their home neighborhoods, the very areas targeted within CRA/LA project areas, thus boosting economic development and helping the overall Los Angeles economy.

Cecilia V. Estolano
Chief Executive Officer

By



Glenn F. Wasserman
Chief Operating Officer

There is no conflict of interest known to me that exists with regard to any CRA/LA officer or employee concerning this action.

Attachment A – Proposed Construction Careers and Project Stabilization Policy
Attachment B – Frequently Asked Questions

Attachment C – Summary of Key Findings, Economic Impact Analysis

Attachment D – CRA Construction Careers Policy: Analysis of Coverage

Attachment E – Map of High Unemployment Zip Codes and 3 Mile Radius from CRA Project Areas

Attachment F – List of CRA/LA Pre-Qualified Firms for Construction Jobs Coordination &
Related Services

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES,
CALIFORNIA

RESOLUTION NO. _____

RESOLUTION ADOPTING A POLICY REGARDING
CONSTRUCTION CAREERS AND PROJECT STABILIZATION

WHEREAS, redevelopment is a process intended to revitalize blighted urban areas by reversing the decline of urban neighborhoods which, due to physical and economic factors, have been rendered economically useless or crippled; and

WHEREAS, to implement this redevelopment process, the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and the Los Angeles City Council have adopted numerous redevelopment project areas in specified geographic areas of the City to alleviate blighting conditions determined to exist there; and

WHEREAS, California Health & Safety Code Section 33422.3 provides: "To ensure training and employment opportunities for lower-income project area residents, the agency may specify in the call for bids for any contract over one hundred thousand dollars (\$100,000) for work to be performed in connection with any redevelopment project that project area residents, if available, shall be employed for a specified percentage of each craft or type of workmen needed to execute the contract or work."

WHEREAS, the redevelopment plans for CRA/LA project areas contain objectives that commit the CRA/LA to eliminate or reduce economic and physical blight in these project areas; and whereas, among these objectives are: (i) promoting the development or rehabilitation of economic enterprises including commercial, service, sports and entertainment, manufacturing, industrial, logistical, media, health services and hospitality that are intended to provide employment and improve the tax base; (ii) making provision for housing which satisfies the needs and desires of the various age, income, and ethnic groups of the community; (iii) alleviating overcrowded substandard housing conditions, and promote the development of affordable housing units for low and moderate income households; (iv) promoting the development of quality job opportunities for certain lower-income individuals and certain residents of lower-income areas; and (v) coordinating redevelopment efforts with public programs of the City of Los Angeles and other agencies serving the metropolitan area; and

WHEREAS, these redevelopment objectives will be advanced by targeting construction employment and training opportunities in ways calculated (i) to mitigate the harms caused by geographically-concentrated poverty, (ii) to fight unemployment and underemployment in vulnerable populations and neighborhoods, including under-represented populations, populations with employment barriers and youth, (iii) to advance the skills of the local labor pool, including youth, to enable workers to earn wages that will assist them in moving out of poverty, (iv) to provide links to career paths for vulnerable populations and Local Residents, and (v) to facilitate rapid completion of construction projects; and

WHEREAS, these redevelopment objectives will also be advanced, and the proprietary interests of CRA/LA will be protected, by avoidance of labor misunderstandings, grievances and conflicts on certain CRA/LA construction projects; and Project Labor Agreements minimize the possibilities for such misunderstandings, grievances, and conflicts, thereby promoting project

cost containment, timely and economical project completion, and prompt repayment of financial obligations owed to the CRA/LA;

WHEREAS, Project Labor Agreements have the capacity to provide additional benefits, including facilitation of efforts to target construction job opportunities as described above; prompt generation of tax flow and other income to the City; and local economy boosts by generating local construction and related jobs and job training; and

WHEREAS, the CRA/LA wishes to adopt a policy to promote the policy objectives and protect the proprietary interests described above through targeted local hiring and project labor agreement requirements, applicable in situations the CRA/LA deems appropriate as described in this Policy;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AS FOLLOWS:

The CRA/LA adopts the following Construction Careers and Project Stabilization Policy:

Section I. Definitions.

(1) "Affordable Housing Project" means a housing development project with a government imposed regulatory agreement that has been or will be recorded with the Los Angeles County Recorder guaranteeing either (a) for rental developments, that at least 40% of the residential units will be affordable to either lower income or very low income households for a period of at least 55 years; or (b) for homeownership developments, that at least 30% of the residential units be priced at an affordable housing cost, as defined in Section 50052.5 of the California Health & Safety Code, to a household earning no more than 120% of Area Median Income and that are subject to a recorded covenant that includes either a resale restriction for at least 45 years or an equity sharing provision upon resale.

(2) "Appeal Panel" means the 3-person panel appointed by the CRA/LA Chief Executive Officer to hear appeals of any liquidated damages assessment and including at least one individual with development/contracting experience and one member of the Community Advisory Group.

(3) "Apprentice" means any worker who is indentured in a bona fide construction apprenticeship program registered and approved by the State of California, Division of Apprenticeship Standards.

(4) "Area Median Income" ("AMI") means the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, as determined annually by the U.S. Department of Housing and Urban Development.

(5) "Board" means the CRA/LA's Board of Commissioners.

(6) "City" means the City of Los Angeles, California.

(7) "Community Advisory Group" means a group appointed by the CRA/LA Chief Executive Officer made up of representatives of community-based organizations.

(8) "Community Area Resident" means an individual whose primary place of residence is in the City of Los Angeles and is within the CRA/LA determined project impact area, typically bounded by a 3-mile radius of the Project Area in which the Covered Project is located.

(9) "Contractor" means any person, firm, partnership, limited liability company, corporation, joint venture, proprietorship, trust, association, or other entity that enters into a contract for performance of construction work on a Covered Project. "Contractor" includes subcontractors of any tier.

(10) "Core Worker" means an employee who appears on the Contractor's active payroll for 60 of the 100 working days before award of the construction contract.

(11) "Covered Project" shall have the meaning set forth in Section II of this Policy.

(12) "CRA/LA Agreement" means any Board-approved agreement for the development of a project within a redevelopment project area or as allowed by law elsewhere in the City. A CRA/LA Agreement includes, without limitation, a Disposition and Development Agreement, Owner Participation Agreement, Master Agreement for the Development of Property, Loan Agreement, Ground Lease Agreement, and similar agreements.

(13) "CRA/LA Coordinator" means the CRA/LA employee designated by the CRA/LA to administer and implement the terms and conditions of this Policy.

(14) "CRA/LA Investment" means financial assistance provided by the CRA/LA to a Developer, expressly articulated or identified in writing by the CRA/LA. CRA/LA Investment shall include, but not be limited to: Grants (defined below); rent subsidies or reductions; Qualifying Loans (defined below); loan forgiveness; CRA/LA-approved bond financing (excluding conduit bond financing); a sale or lease of CRA/LA-assembled land for less than its fair market value (i.e., a "land write-down"), except to the extent necessary for the development of an Affordable Housing Project on such land; contingent obligations taken on by the CRA/LA such as any guaranty or pledge of CRA/LA funds; and CRA/LA fee reduction or fee waiver. None of the following shall be considered a "CRA/LA Investment" for purposes of this Policy: a loan on terms comparable to those achievable outside the CRA/LA; the sale or lease of CRA/LA-assembled land for less than its fair market value to the extent such land write-down is necessary for the development of an Affordable Housing Project on such land; a variation of less than 50,000 square feet, a Transfer of Floor Area Rights in excess of 50,000 square feet, or other discretionary approvals from the CRA/LA; nor CRA/LA staff or financial planning assistance.

(15) "CRA/LA" means The Community Redevelopment Agency of the City of Los Angeles, California.

(16) "Craft Request Form" means a document through which Contractors shall request workers from Unions, in the form set forth as Attachment B to the LHA/PLA.

(17) "Developer" means a person, firm, partnership, limited liability company, corporation, joint venture, proprietorship, trust, association, or other entity entering into a CRA/LA Agreement with the CRA/LA.

(18) "Floor Area" means the area in square feet confined within the exterior walls of a building, but not including the area of the following: exterior walls, stairways, shafts, rooms

housing building-operating equipment or machinery, parking areas with associated driveways and ramps, space for the landing and storage of helicopters, and basement storage areas, as defined in accordance with Section 12.03 of the Zoning Code, City of Los Angeles Department of Building and Safety. In computing the total floor area within a building, the gross area confined within the exterior walls within a building shall be considered as the floor area of that floor of the building, except for the space devoting to stairways, elevator shafts, light courts, rooms housing mechanical equipment incidental to the operating of buildings, and outdoor eating areas of ground floor restaurants, as defined in Section 12.21 1-A(5) of the Zoning Code.

(19) "Grant" means that form of CRA/LA Investment for which no repayment is required or expected so long as the terms of the CRA/LA Investment are met.

(20) "Jobs Coordinator" means an independent third-party individual or entity with whom the Developer or the CRA/LA enters into a contract to facilitate implementation of the Local Hiring Requirements established pursuant to this Policy.

(21) "Joint Administrative Committee" means a five-person committee consisting of the CRA/LA Chief Executive Officer or designee; the CRA/LA Regional Administrator or designee for the Covered Project; a Developer or Contractor representative; a member of the Community Advisory Group; and one Union representative, established to monitor compliance with the terms and conditions of the Policy and LHA/PLA.

(22) "LA/OCBTC" means the Los Angeles/Orange County Building Trades Council.

(23) "Lease Agreement" means any written agreement whereby the CRA/LA allows another entity the use of CRA/LA-owned real property for a period of time in exchange for monetary or other remuneration.

(24) "Letter of Assent" means a document through which a Contractor accepts the terms of the LHA/PLA, in the form set forth as Attachment A to the LHA/PLA.

(25) "LHA/PLA" means the Local Hiring Agreement and Project Labor Agreement attached as Attachment One to this Policy.

(26) "Local Hiring Requirements" shall have the meaning set forth in Section III of this Policy.

(27) "Local Hiring Schedule" is the plan presented by the Developer and approved by the CRA/LA or Chief Executive Officer as described in Section V(2) of this Policy.

(28) "Local Low-Income Resident" means an individual whose primary place of residence is within the City and who, prior to commencing work on a Covered Project, either (a) has a household income of less than 50% of the AMI or (b) faces a least one of the following barriers to employment: being homeless; being a custodial single parent; receiving public assistance; lacking a GED or high school diploma; having a criminal record or other involvement with the criminal justice system; or suffering from chronic unemployment.

(29) "Local Resident" means an individual whose primary place of residence is within the City and is within the zip code containing at least part of one census tract with a rate of unemployment in excess of 150% of the Los Angeles County unemployment rate, as reported

by the State of California Employment Development Department at the commencement of the Covered Project.

(30) "Non-Responsible Contractor" means a Contractor who meets the definition of non-responsible Contractor in the CRA/LA's Policy on Contractor Responsibility.

(31) "Policy" means this Construction Careers and Project Stabilization Policy.

(32) "Prime Contract" means a contract entered into by a Contractor and either the CRA/LA or a Developer for construction of a Covered Project.

(33) "Prime Contractor" means a Contractor that has entered into a Prime Contract.

(34) "Project Area" means an area adopted by the CRA/LA and the Los Angeles City Council in specified geographic areas of the City for the purpose of redevelopment, disaster recovery, earthquake recovery, and revitalization consistent with the requirements of the California Redevelopment Law (Section 33000 et Seq. of the California Health and Safety Code).

(35) "Project Work" means work performed in construction of a Covered Project.

(36) "Public Improvements Contract" means a contract awarded by the CRA/LA for construction of improvements that serve a public purpose (including, but not limited to, construction of sidewalks, curbs, gutters, sewers, street lights, recreation centers or facilities, public open space and parking structures and lots) and that will be publicly owned, either by the CRA/LA or by another governmental entity.

(37) "Qualifying Loan" means any arrangement whereby funds or other financial or in-kind expenditures that are provided by the CRA/LA to a Developer, or for the benefit of a development project, are to be repaid in whole or in part by the Developer, including rebates, loan forgiveness, interest write-downs, or any reduction of the repayment obligation.

(38) "Small and Local Business" means a business certified as Small and Local by the City of Los Angeles Office of Contract Compliance.

(39) "Union" means a labor union signatory to the LHA/PLA.

Section II. Coverage.

(1) **Covered Projects.** Covered Projects include development projects in the following categories, excluding projects excepted from coverage under Section II (2), below.

(a) Public Improvements Contracts with a CRA/LA award amount equal to or greater than \$500,000;

(b) Proposed development projects that will be constructed on CRA/LA-owned real property under a CRA/LA Agreement;

(c) Proposed development projects for which the Developer will receive CRA/LA Investment totaling in the aggregate of \$1,000,000 or more.

(2) Exceptions. The following projects shall not constitute Covered Projects:

(a) Development projects including fewer than 75 units of housing or fewer than 50,000 square feet of non-residential Floor Area. However, development projects including both housing and non-residential space shall be Covered Projects if either component equals or exceeds 75 units of housing or 50,000 square feet of non-residential Floor Area.

(b) Public Improvement or development projects receiving federal Department of Transportation funds for any part of the construction costs, if exclusion from a local hiring program is required by applicable Federal law or regulation.

(3) Process to Determine Coverage of Projects.

(a) **Staff Review.** CRA/LA staff shall review each proposed project to determine and document whether the proposed project is a Covered Project. When a project qualifies as a Covered Project, CRA/LA staff shall: (i) include a bid specification requiring all Developers and/or Contractors submitting bids or proposals in response to a CRA/LA solicitation to agree to the terms of the LHA/PLA; (ii) insert a provision in any relevant CRA/LA Agreement obligating the Developer to require its Prime Contractor and all other Contractors to comply with the terms of the LHA/PLA; and/or (iii) require compliance with LHA/PLA terms through any other form of legally enforceable obligation to the CRA/LA.

(b) **Extraordinary Circumstances.** If CRA/LA staff has determined that the proposed project qualifies as a Covered Project but nonetheless concludes that extraordinary circumstances warrant exempting the otherwise qualified project from the application of the requirements of this Policy, or if the staff's determination of coverage is contested or appealed by the Developer or a Prime Contractor, such conclusions or appeals shall be documented and presented to the Board for a Board decision as to whether it is in the CRA/LA's interest to exempt the project from this Policy. If the Board exempts the proposed project, then that project shall not be considered a Covered Project for purposes of this Policy.

(4) Coverage of Parties.

(a) The LHA/PLA shall be executed by the CRA/LA and the Unions and will cover projects initiated during a three-year period as specified therein, with two one-year extensions at the option of the CRA/LA if certain benchmarks regarding Union intake and retention of targeted populations are met.

(b) A Developer that retains a Prime Contractor to perform Project Work shall agree to terms of the LHA/PLA through the relevant CRA/LA Agreement, and shall ensure that its Prime Contractor agrees to terms of the LHA/PLA. A Prime Contractor under a Public Improvement Contract shall be required to agree to terms of the LHA/PLA as a term of the Public Improvement Contract. All Contractors performing Project Work shall be required to execute Letters of Assent.

(c) Nothing contained in this Policy shall prohibit a Developer from negotiating additional project-specific terms with the Unions in a side letter to the LHA/PLA, provided that the additional terms are not inconsistent with this Policy, as determined by the Joint Administrative Committee.

(d) This Policy shall govern only construction work performed specifically for Covered Projects. Accordingly, this Policy shall not apply to:

- i. A Developer's or Contractor's executives, managerial employees, professional engineers, supervisors (except those job classifications covered by existing building and construction trades collective bargaining agreements), and office or clerical employees.
- ii. Work performed at the site of a Covered Project by CRA/LA or City employees related to the course and scope of their employment.

(e) The application of the Project Labor Agreement to the covered project shall cease:

- i. when a Notification of Release of Obligation to Contractor is issued by CRA/LA upon completion of Public Improvement Contracts;
- ii. when a Certificate of Completion is issued by CRA/LA upon completion of development projects on CRA/LA-owned real property under a CRA/LA Agreement; and
- iii. when a Certificate of Completion is issued by CRA/LA upon completion of development projects for which Developer receives CRA/LA Investment totaling in the aggregate of \$1,000,000 or more.

Section III. Local Hiring Requirements

The Prime Contractor is responsible for ensuring that the following Local Hiring Requirements are met. For Projects with a Developer, the Developer is jointly and severally responsible with the Prime Contractor for ensuring that these requirements are met.

(1) The following percentages shall be attained for each Project:

- (a) **30% of total work hours by Community Area and Local Residents.** A minimum of 30% of all hours of Project Work shall be performed by Community Area Residents and Local Residents, with priority given to Community Area Residents.
- (b) **10% of total work hours by Local Low-Income Residents.** A minimum of 10% of all hours of Project Work shall be performed by Local Low-Income Residents with less than 4000 hours of formal, indentured experience in the Unions at the time they commence Project Work. These hours may be applied towards the 30% minimum.
- (c) **50% of total Apprentice work hours by Community Area and Local Residents.** A minimum of 50% of all hours worked by construction Apprentices shall be performed by Community Area Residents and Local Residents, with priority given to Community Area Residents. These hours may be applied towards the 10% and the 30% minimum.

(2) The employer retains authority in making individual hiring decisions.

(3) Hours worked by residents of states other than California shall not be included in calculation of total hours of Project Work for purposes of the percentage requirements set forth above.

Section IV. Project Labor Agreement Terms to Be Negotiated.

(1) The CRA/LA will negotiate the LHA/PLA with the LA/OCBTC. The LHA/PLA shall include the Local Hiring Requirements described in Section III above.

(2) The term of the LHA/PLA shall be three years, with two possible one-year extensions depending on performance by all parties to the LHA/PLA.

(3) Once a project is determined to be a Covered Project, the LHA/PLA shall apply to all construction phases of that Project that were approved by the Board during the term of the LHA/PLA.

(4) If the LHA/PLA is not successfully negotiated with the LA/OCBTC within 90 days of Board approval of this Policy, or if the Board has not granted an extension, the Board shall be presented with a revised Construction Careers Policy without a PLA requirement for its consideration. CRA/LA staff shall report back to the Board within 60 days on the progress of the negotiation and shall advise whether an extension will be needed.

(5) By way of summary, this Section describes certain terms to be negotiated therein.

- (a) Although no Contractor is required to be signatory to any collective bargaining agreement, all Contractors performing Project Work shall use Unions as their first source of craft labor.
- (b) In the event that referral facilities maintained by the Unions are unable to fill the requisition of a Contractor for local employees within a forty-eight hour period after such requisition is made the Contractor may seek and employ applicants from any other available source, though Contractors are still subject to the Local Hiring Requirements, and all labor, union or non-union, will be dispatched through the union hiring halls.
- (c) The Unions will exert their best efforts to recruit and identify residents of the City of Los Angeles residing in the targeted areas and to assist individuals in qualifying and becoming eligible for such apprenticeship programs
- (d) Developer, Contractors, and Unions shall use and accept the Craft Request Form attached to the LHA/PLA and the procedures written therein to request any and all workers from Unions, including workers qualified as general dispatch, Community Area Residents, Local Residents, or Local Low-Income Residents.

- (e) When hiring, Contractors may alternate in selecting one Core Worker and one employee dispatched from the affected trade or craft. This process shall repeat until such Contractor's requirements are met or until such Contractor has hired ten Core Workers for that craft, whichever occurs first. Thereafter, all additional employees hired by that Contractor in the affected trade or craft shall be dispatched from the Unions. All employee hours worked, including Core Worker hours, must be used in calculating local hire compliance.
- (f) Small Local Businesses certified by the City of Los Angeles may hire up to three Core Workers before hiring the first worker dispatched from the Unions.
- (g) All Contractors performing Project Work shall employ the maximum number of Apprentices allowed by law on this Project.
- (h) Unions shall not strike or otherwise engage in work stoppage due to a dispute on a Covered Project.
- (i) Unions shall track retention of Apprentices hired through this program for so long as those Apprentices participate in a State-approved training program. The LA/OCBTC shall collect the tracking information from the Unions and shall submit annual retention reports to the CRA/LA in a format approved jointly by the Unions and the CRA/LA.
- (j) Unions shall document reasons for not accepting referred candidates from target populations into Apprenticeship programs, if applicable.

Section V. Implementation.

(1) CRA/LA Responsibilities. The CRA/LA will:

- (a) Monitor and enforce the local hiring provisions of this Policy, assessing liquidated damages for non-compliance where appropriate;
- (b) Convene the Community Advisory Group quarterly in the first year and semi-annually thereafter to review and advise on the implementation of this Policy and the LHA/PLA. Efforts should be made to include at least one community-based organization providing employment-related services to low-income individuals; an organization with experience providing Jobs Coordination services; and a representative of organized labor. The Board shall consider the recommendations of the Community Advisory Group as part of any review of the Policy.

(2) Local Hiring Schedule. Each Developer or Prime Contractor shall submit to the CRA/LA a Local Hiring Schedule for the entire project that must be approved by the CRA/LA's Chief Executive Officer or designee before construction begins. The CRA/LA will respond to Local Hiring Schedules with approval or suggestions for changes within two weeks of submission by the Developer or Prime Contractor. The Local Hiring Schedule shall establish the approximate hiring timetable of construction workers by trade to be followed by the

Developer and all Contractors in order to satisfy the Local Hiring Requirements of this Policy and the LHA/PLA. The Local Hiring Schedule shall provide the basis for the CRA/LA's monitoring of the project and for the Jobs Coordinator's preparation of local worker candidates.

(3) Pre-Construction Orientation. Prior to the commencement of construction, and as soon as practicable, Developers and Prime Contractors shall contact the CRA/LA to schedule a pre-construction orientation meeting to discuss requirements of the LHA/PLA, recordkeeping, and reporting requirements necessary for the evaluation of the project's compliance with this Policy and the LHA/PLA.

(4) Pre-Bid and Pre-Construction Meetings. The Prime Contractor shall convene pre-bid and pre-construction meetings to educate the construction manager and subcontractors about Local Hiring Requirements and the goals of this Policy.

(5) Jobs Coordinator. The Developer or Contractor shall engage a Jobs Coordinator from the CRA/LA list of pre-qualified firms. The Jobs Coordinator shall provide services in support of the Developer's Local Hiring Requirements. Among other things, the Jobs Coordinator will:

- (a) establish a point of contact to provide information about available job opportunities;
- (b) certify the status of Local Low-Income Residents;
- (c) reach out to targeted populations;
- (d) conduct or coordinate programs to prepare interested residents to enter construction jobs;
- (e) develop and maintain an up-to-date list of qualified Local Residents and certify Local Low-Income Residents;
- (f) facilitate relationships among approved apprenticeship programs and Contractors to enable prompt referrals;
- (g) educate Contractors regarding tax deductions, tax credits and other benefits for which they may be eligible based on their implementation of the Local Hiring Requirements; and
- (h) assist Contractors with reporting by working with Contractors and the CRA/LA or authorized representative where appropriate.

Parties with responsibilities under the LHA/PLA and/or this Policy maintain those responsibilities regardless of the performance of the Jobs Coordinator at the tasks described herein.

(6) Use of Craft Request Form.

- (a) Developer or Contractors shall send copies of all Craft Request Forms to the Jobs Coordinator at the same time as they are submitted to the Unions.
- (b) Developers/Contractors and Unions shall maintain copies of all Craft Request Forms submitted and/or received, including transmission verification documents that are date/time imprinted or a log of related faxes sent and received regarding Local Hiring Requirements.

(7) Developer or Contractors shall allow the Unions at least 48 hours to provide the requested referrals.

(8) The Developer or Contractor shall act as employer-sponsor and cover at least 50% of sponsorship fees for any Local Low-Income Resident hired as an Apprentice if other sources of funding are unavailable. The amount covered by the employer may be paid by the employer to the Local Low-Income Resident over the first three paychecks.

Section VI. Compliance.

(1) The CRA/LA or its authorized representative shall determine whether a Developer or Contractor has complied with the requirements of this Policy and the LHA/PLA.

(2) If the Developer or Contractor has met or exceeded the local hire targets and signed the LHA/PLA, the Developer or Contractor is in compliance.

(3) If the Developer or Contractor has not met or exceeded the local hire targets but has satisfied each element of the list of activities below, the Developer or Contractor may verify compliance through the following activities:

- (a) Develop and submit CRA/LA-approved Local Hiring Schedule before construction begins;
- (b) Convene pre-bid and pre-construction meetings to educate construction manager and subcontractors about the Local Hiring Requirements and the goals of this Policy;
- (c) Sign LHA/PLA and obtain Letters of Assent from each construction employer;
- (d) Hire Jobs Coordinator;
- (e) Regularly contact and document contacting of Jobs Coordinator;
- (f) Use and document use of CRA/LA-approved craft request forms sent to both unions and Jobs Coordinator;
- (g) Document appropriate waiting period for requested referrals and any lack of responses;
- (h) Document reasons for not hiring referred candidates from target populations, if applicable; and
- (i) Allow CRA/LA monitor prompt and willing access to documentation of above activities.

(4) At the outset of each Covered Project, the Joint Administrative Committee shall determine a reporting schedule to monitor compliance with this Policy. The reporting schedule shall be designed to assist the Committee in identifying areas of success and addressing challenges in a timely manner. The CRA/LA's Chief Executive Officer or designee shall designate a standard reporting format for all projects. Local hiring compliance reports shall be made available to the public for review.

(5) At the conclusion of any six-month period in which a Developer, Prime Contractor, or Union participates in a Covered Project, that party shall report to the Board with a status update on the operation of this Policy and the LHA/PLA with regard to that Project, including a description of any obstacles or barriers faced. Such reports shall be made in a manner to be defined by the CRA/LA's Chief Executive Officer or designee. For purposes of this Section V(4), a Union is deemed to participate in a Covered Project when it refers workers to perform Project Work.

- (6) Each Developer or Contractor shall make available to the CRA/LA records and information requested that are relevant to monitoring and enforcement of this Policy. Each Developer or Contractor shall cooperate fully and promptly with any inquiry or investigation the CRA/LA deems necessary in order to monitor compliance with this Policy and/or the LHA/PLA, including allowing access to job sites and employees.
- (7) The CRA/LA Coordinator may promulgate further guidelines or procedures, as necessary, for implementation of this Policy.
- (8) The Joint Administrative Committee shall monitor compliance with certain LHA/PLA terms, as described therein.
- (9) Upon request of any party to the LHA/PLA, the CRA/LA Coordinator or authorized representative may administer the process of resolving alleged violations. This work may include scheduling and attending arbitration hearings, providing reports and other documents on alleged violations to the arbitrators who will hear the case, and doing other administrative tasks necessary to facilitate the quick and peaceful disposition of grievances.
- (10) Any Developer or Prime Contractor that exceeds each of the Local Hiring Requirements set forth in Section III by 10 percent or more of the required hours, and that has complied with the other terms of the LHA/PLA for the Covered Project, shall be commended by the CRA/LA as a highly responsible Developer or Prime Contractor. The CRA/LA shall publish annually a list of highly responsible Developers and Prime Contractors to other agencies and departments, and shall recognize annually these Developers and Prime Contractors in an advertisement in at least one national industry publication.

Section VII. Enforcement

(1) **Liquidated Damages – Notice and Cure:** If the Developer or Prime Contractor is found to be substantially out of compliance during any reporting period, the Joint Administrative Committee shall meet to develop a plan for compliance. If the following reporting period's monitoring activities do not show substantial compliance, the Developer or Prime Contractor shall pay liquidated damages equal to the average project wage for each hour the project fell short of the requirement, as described in the LHA/PLA. Liquidated damages collected pursuant to this Policy and the LHA/PLA will be used by the CRA/LA to support the CRA/LA's local hiring and construction job training efforts.

(2) **Declaration of Non-Responsible Contractor:** The CRA/LA may declare a party that substantially and consistently violates this Policy to be a Non-Responsible Contractor with regard to the CRA/LA's Policy on Contractor Responsibility; as such, that party will be debarred from future CRA/LA contracts for a period of time. The debarment may be rescinded by the CRA/LA upon terms and conditions acceptable to the CRA/LA, but such rescission is not required and is solely at the discretion of the CRA/LA.

(3) **Appeal:** The Developer and/or Prime Contractor may appeal a liquidated damage assessment to the Appeal Panel. Before a penalty is implemented, the Developer and/or Prime Contractor shall be notified of the proposed penalty, served with a summary of the information upon which the Joint Administrative Committee is relying, and provided with an opportunity to be

opportunity to be heard by the Appeal Panel in accordance with applicable law. At the hearing, the Developer and/or Prime Contractor will be allowed to rebut adverse information and to provide evidence that it has made best efforts to conform with the compliance procedures as described in Section VI of this Policy. The Developer and/or Prime Contractor must exercise its right to request a hearing within five calendar days after receipt of a penalty determination. Failure to submit a written request for a hearing within the time frame set forth in this Section will be deemed a waiver of the right to such a hearing, and the penalty will be implemented.

The determination of the Appeal Panel may be appealed to the CRA/LA Board of Commissioners under rules established by the CRA/LA. The Board's determination shall be based upon its review of the information upon which the Appeal Panel relied in making its determination and that information submitted by the Developer or Contractor in contesting the Appeals Panel's determination. The determination of the Board shall be final and constitute exhaustion of the Developer or Contractor's administrative remedies.

(4) The CRA/LA Coordinator shall notify the Office of the City Attorney should he/she believe that a violation of the Policy has occurred.

(5) **Estoppel Certificate:** Upon the Developer's written request, the CRA/LA shall execute, acknowledge and deliver a written estoppel certificate stating that the Developer or Prime Contractor for construction of the Project is in compliance with the requirements contained in the LHA/PLA, and whether, if assessed, all liquidated damages have been paid to the CRA/LA. Such a certificate must be provided within thirty (30) days after the CRA/LA's approval of the form of estoppel certificate, and may be relied upon by third parties.

Section VIII. Miscellaneous Legal Provisions.

(1) **This Policy shall become effective upon execution of the LHA/PLA.**

(2) This Policy shall be reviewed by the Board within three years after initial adoption to determine whether it achieves the redevelopment objectives of the CRA/LA. If the Board determines that this Policy is not achieving these objectives, or that all responsible parties are not contributing equally to that achievement, it may decide to revise or suspend the Policy.

(3) The provisions of this Policy shall not be applicable where prohibited by Presidential Executive Order, Federal or State law, or where the application would violate or be inconsistent with the terms and condition of a grant or a contract with the agency of the United States, State of California, or the instruction of an authorized representative of any of these agencies with respect to any grant or contract.

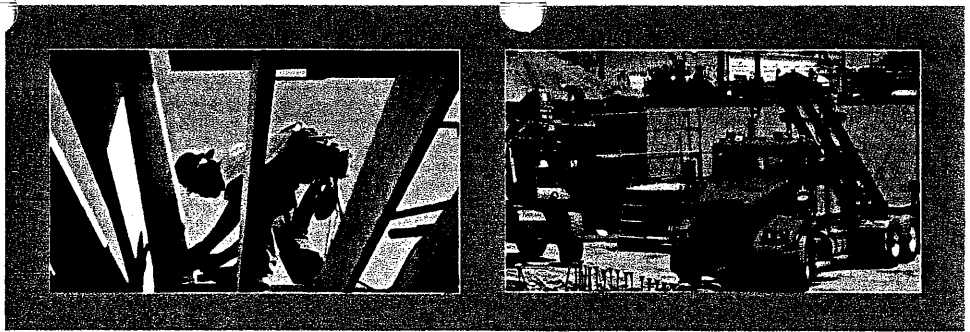
(4) Nothing contained in this Policy is intended to supercede the terms of the Wiggins Settlement Agreement.

(5) If any provision of this Policy is declared legally invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

ADOPTED

CRA/LA CONSTRUCTION CAREERS POLICY

FREQUENTLY ASKED QUESTIONS



Why do you need a project labor agreement to achieve local hiring?

Part of the CRA/LA's mission is to "create economic opportunity for the people who live in and near its project areas and their children." True economic opportunity is more than just a single job on a CRA/LA construction project; it means a foothold to a career with family-supporting wages and benefits.

The project labor agreement achieves two aims towards this goal. First, in cases where union signatories are performing work on the project, it is the only way that most construction unions can supersede their "first in, first out" dispatch rules and prioritize project work for targeted workers.

Second, in exchange for entering into this agreement, the construction unions have agreed to open up their Joint Apprenticeship Programs to workers we target. The union-affiliated Joint Apprenticeship Programs are essentially the only path to an opportunity to increase construction skills and wages. The few unilateral, non-union apprenticeship programs are not local, cover only a few trades, and studies show that they have very low graduation rates. Once a worker with barriers to employment has been accepted into a Joint Apprenticeship Program, he or she will have the network, structure, and support needed to advance in this career.

Am I as a contractor only allowed to bring on union subcontractors?

No. Statistics show that in Southern California, about half the subcontractors on projects governed by a Project Labor Agreement are not union signatories.

Am I only allowed to use union workers?

No. First, a construction employer is automatically allowed a certain number of "core employees," which is defined as a worker who has been on the payroll of that employer for 60 of the last 100 days. The employer may hire a core employee first, then must take one from the unions if available, then another core employee, and so on for a maximum of ten core employees. Core employees can count towards the local hiring requirements if they meet the target population guidelines.

Second, the project labor agreement specifies that unions will be the *primary* source for labor. Specifically, a construction employer must submit job openings to the unions, which have two working days to fill the opening with someone who meets the employer's criteria. If the unions cannot supply the requested worker, the employer is free to hire from any source.

Note, however, that the employer is still bound to try to satisfy the local hiring requirements, and that the employer will be required to pay union benefits on all workers on that project whether they are union members or not.

What if I don't make the required local hiring percentages?

There are two ways to be in compliance with the policy and thus to avoid penalties: meet or exceed the local hiring requirements OR perform and document all enumerated, required activities.

CRA/LA CONSTRUCTION CAREERS POLICY

FREQUENTLY ASKED QUESTIONS



What if the unions won't send the people I ask for?

You do not need to hire a worker sent by the union who does not meet the criteria you requested, including skill level and target population. If the union cannot find you someone satisfactory within two working days, you are free to hire from any source.

Keep in mind, however, that our goal is to assist people to enter a construction career, so many partners citywide will be working with the unions to find eligible, available candidates for you. And if you experience a persistent communication problem with the unions in pursuing the local hiring program, the CRA/LA will help resolve the issue.

What about my core workers—I need to keep them working or they'll leave me.

See the answer to this question on page 1: "Am I as a contractor only allowed to bring on union subcontractors?"

How much extra will this cost me?

Estimates as to additional costs vary. Wage rates should be constant as compared to any project under a CRA/LA agreement, since prevailing wage, which is always required, is about the same as union rates. You will be required to pay into the unions' health and pension systems, but since health benefits are calculated as part of prevailing wage, this should only raise your costs if you concurrently maintain a private health plan for your construction employees.

There will be a cost in hiring the jobs coordinator, which you will negotiate as you select your preferred organization from the CRA/LA's list of qualified organizations. The degree of internal administrative cost depends on your own organization. Local hiring is primarily monitored via certified payroll, which is already required to monitor prevailing wage.

Some have expressed concern that overall construction costs will rise as fewer bids will be submitted on a project with a project labor agreement. Although studied, this concern has not been proven or disproven and may vary according to the project, location, and construction cycle.

See the next question for potential cost savings.

Are there any benefits to me for participating in this program?

Yes! First, you will be assisting to create a trained, local workforce so that in times of high construction activity, there will always be an available labor pool. This is particularly meaningful as there will be competition for skilled construction labor for the foreseeable future with LAUSD and LACCD continuing their build out of new buildings and the City and CRA/LA continuing to finance large construction projects.

Secondly, a project labor agreement helps to ensure labor peace on a project so that the project is more likely to be delivered on time and on budget and at a high level of performance.

Summary of Key Findings Economic Impact Analysis

1. Purposes, Scope and Limitations of Study

As part of the evaluation process for the proposed Construction Careers and Project Stabilization Policy, CRA/LA retained The Natelson Dale Group, Inc. (TNDG) to complete an analysis of the Policy's potential economic impacts. TNDG's research is intended to answer the following questions:

- Would the proposed Policy result in increased development costs for covered projects?
- If so, what types of projects would be most susceptible to cost impacts, and how much might costs increase?
- How might any cost impacts be minimized and/or mitigated?
- Are the CRA/LA's proposed thresholds (regarding the sizes of projects covered by the Policy) appropriate?

TNDG's work included the following tasks:

- A comprehensive review of academic literature addressing the economic impacts of project labor agreements (PLAs);
- Interviews with developers and general contractors involved with CRA/LA or other City of Los Angeles projects;
- Interviews with CRA/LA regional administrators and project managers;
- Interviews with community-based organizations active in job training and placement programs that support local hire efforts.

Given the above sources of input, the conclusions presented here represent a mix of empirical research and more "anecdotal evidence" based on stakeholder perceptions. In particular, most of the commentary provided by developers and contractors regarding potential cost impacts would most accurately be characterized as perception. Although some firms' comments were rooted in their actual past experience with these types of policies, few were able to present "hard data" to quantify their estimates. In some cases, the firms did not have direct experience with project labor agreements (PLAs), so their comments are based on general experience regarding the operational differences between union and non-union contractors. In some instances, the responses appeared to reflect personal biases of the interviewees and/or misunderstandings of the nature of the CRA/LA's proposed policy (e.g., confusing a PLA with the broader issue of prevailing wages). In summarizing the responses, we have given the most weight to estimates that appeared to be substantiated by the firms' actual project experience.

It is also important to recognize that, even for firms that have direct experience with PLAs, it is often difficult to make "apples to apples" cost comparisons with non-PLA projects. In particular, the number of bids received for subcontract work and the competitiveness of the bids are highly sensitive to general economic conditions (i.e., the strength of the overall construction market), and the effects of the economic cycle on construction costs may far outweigh any effects attributed to a PLA.

General estimates of the potential cost impacts (based on developer/contractor perception) are provided in the following section of this summary.

How might any cost impacts be minimized and/or mitigated?

There are several important ways that any cost impacts from the proposed Policy could be minimized and/or mitigated:

- Defining thresholds that would exempt projects most likely to experience cost impacts (see discussion below).
- Developing a consortium of community-based workforce training and placement organizations to support implementation of the Policy (e.g., through the Jobs Coordinator role). The CRA/LA is already actively pursuing this important element of the Policy implementation process.
- Educating prospective contractors (especially smaller firms) about the resources available to assist them in complying with the proposed Policy. The intent of the educational outreach effort would be to ensure a sufficient “pool” of qualified contractors interested in bidding on CRA/LA projects.
- Increasing the CRA/LA's financial participation in affected private development projects (and budgeting extra funds for affected CRA/LA public improvement projects), in order to offset any cost increases related to this Policy. As part of this economic impact analysis, TNDG has completed case study analyses based on six actual CRA/LA projects (i.e., private development projects in which CRA/LA has a financial investment). The case studies hypothetically estimate the range of potential cost impacts resulting from the proposed Policy and calculate the extent to which the CRA/LA's financial participation would potentially need to increase.

Are the CRA/LA's proposed thresholds (regarding the sizes of projects covered by the Policy) appropriate?

Key Findings: TNDG believes that the proposed threshold for private development projects (\$1 million or more in CRA/LA investment) is appropriate.

TNDG believes that the proposed threshold for CRA/LA public improvements projects (\$500,000) may be low and may therefore result in increased project costs and/or difficulty in securing adequate numbers of bids for public improvement projects.

Discussion: There is general consensus that PLAs make less economic sense for projects under a certain construction cost threshold. Most sources suggest that this threshold is in the range of \$5 million to \$10 million. Based on a review of the CRA/LA's current project portfolio, it appears

PLA Component

- The cost impacts, if any, would depend on the type and size of the project:
 - For large, complex projects (which are predominantly union already), there would not be a significant incremental impact associated with a PLA. Type I (concrete or steel frame) construction would generally fall into this category.
 - For smaller projects or projects involving less complex construction, the impacts would likely be more significant. Wood frame residential (Type V construction) or concrete tilt-up buildings would fall into this category.

The above distinction is based on the perception that, generally speaking, union firms are more expensive but that, for complex projects, the additional skills and training associated with union workers justify any extra costs.

- Some firms contend that a prevailing wage project with union labor is more expensive than a prevailing wage project with non-union labor (even though the nominal wage rate is the same). The difference is due to non-wage factors such as work rules (affecting overall productivity) and benefits (e.g., health and pension funds).

4. Range of Perceived Cost Impacts

Local Hire Component. Most interviewed firms believe that the cost of the local hire requirement would be negligible, although some believe it could impact total project costs by 1-2%.

PLA Component. The table below summarizes the estimated/perceived cost impacts associated with a project labor agreement.

Project Type/Size	Cost Impact (percentage of total construction cost)
Type I (concrete or steel frame) – large project	No net impact
Type I (concrete or steel frame) – small project	0-2%
Type V (wood frame residential) – large project	0-5%
Type V (wood frame residential) – small project	7-10%
Concrete tilt-up (all project sizes)	7-10%

The table on the following page lists the major factors (as reported by interviewed developers and contractors) that may cause project costs to increase under the proposed Policy. The table also discusses the credibility of the indicated perceptions and their potential applicability to CRA/LA projects.

It should be noted that proponents of PLAs argue that PLAs actually reduce overall project costs in many cases. The cost savings result from several key factors:

- The availability of a reliable flow of skilled workers;
- Labor peace (i.e., no-strike provisions); and
- Expanded investment in worker training and safety.

Arguments in favor of PLAs are strongly supported by the fact that many PLAs are voluntarily pursued by private firms (i.e., absent any government policy requirement) as a cost containment measure.

Weighing the two sides of the argument, TNDG believes that “at the margin” both sides have elements of reality. That is, there are certain types of projects for which the case can credibly be made that a PLA would cause significant cost increases; and, there are certain types of projects for which the case can credibly be made that a PLA would result in negligible cost impacts or even cost savings. On the whole, TNDG believes that CRA/LA projects are likely to fall into the latter category (due primarily to the size and complexity of most projects that would be covered by the Policy).

CRA/LA Construction Careers Policy: Analysis of Coverage (based on last 1.5 years)

Period: July 2006 – December 2007

Development Projects 7/2006 - 12/2007			Characteristics of the 13 "Local Hire" Projects	
Total Number of Projects	28	100%	Median Worker Weeks *	13,644
Projects <u>Not Covered</u> Under Primary Threshold	11	39%	Range of Worker Weeks *	2,095 – 878,571
Projects <u>Covered</u> Under Primary Threshold	17	61%	Median CRA/LA Financial Investment Amount	\$3,500,000
Projects on Agency Land and Below Primary Threshold	0	0%	Median CRA/LA Financial Investment as Percentage of Total Development Cost	12%
Exemptions			Range of CRA/LA Investment as Percentage of Total Development Cost	1% – 48%
Projects <u>Exempted</u> Due to Having Less than 75 Units Housing	4	14%		
Projects <u>Exempted</u> Due to Having Less than 50,000 sq. ft. Retail Space	0	0%		
Projects that would have been subject to the Proposed Construction Careers Policy	13	46%		

Public Improvement Projects 7/06 - 12/07			Characteristics of the 4 "Local Hire" Public Improvement Projects	
Total Number of Projects	16	100%	Median Worker Weeks *	605
Projects <u>Not Covered</u> Under Primary Threshold	8	50%	Range of Worker Weeks *	384 – 7,577
Projects <u>Covered</u> Under Primary Threshold	8	50%	Median CRA/LA Contract Award	\$1,010,980.00
Exemptions			Range of CRA/LA Contract Award Amounts	\$500,000-\$3,000,000
Projects <u>Exempted</u> due to having Federal Department of Transportation Funds	4	25%	Median CRA/LA Financial Investment as Percentage of Total Project Cost	65%
Projects that would have been subject to the Proposed Construction Careers Policy	4	25%		

Primary Thresholds of Proposed Policy
<ul style="list-style-type: none"> - Development projects with CRA/LA Financial Investment of more than \$1,000,000 - Public Improvements Contracts with a CRA/LA award of more than \$500,000 - Development projects that will be constructed on CRA/LA-owned land
Exemptions
<ul style="list-style-type: none"> - Fewer than 75 units of housing - Fewer than 50,000 square feet of nonresidential Floor Area - Receiving Federal Department of Transportation funds

* Calculation of Worker Weeks
Worker Weeks = [45% of Total Development Cost / \$30 per hour, average prevailing wage] / (35 hours per week, average construction work week)

CRA/LA Project Areas

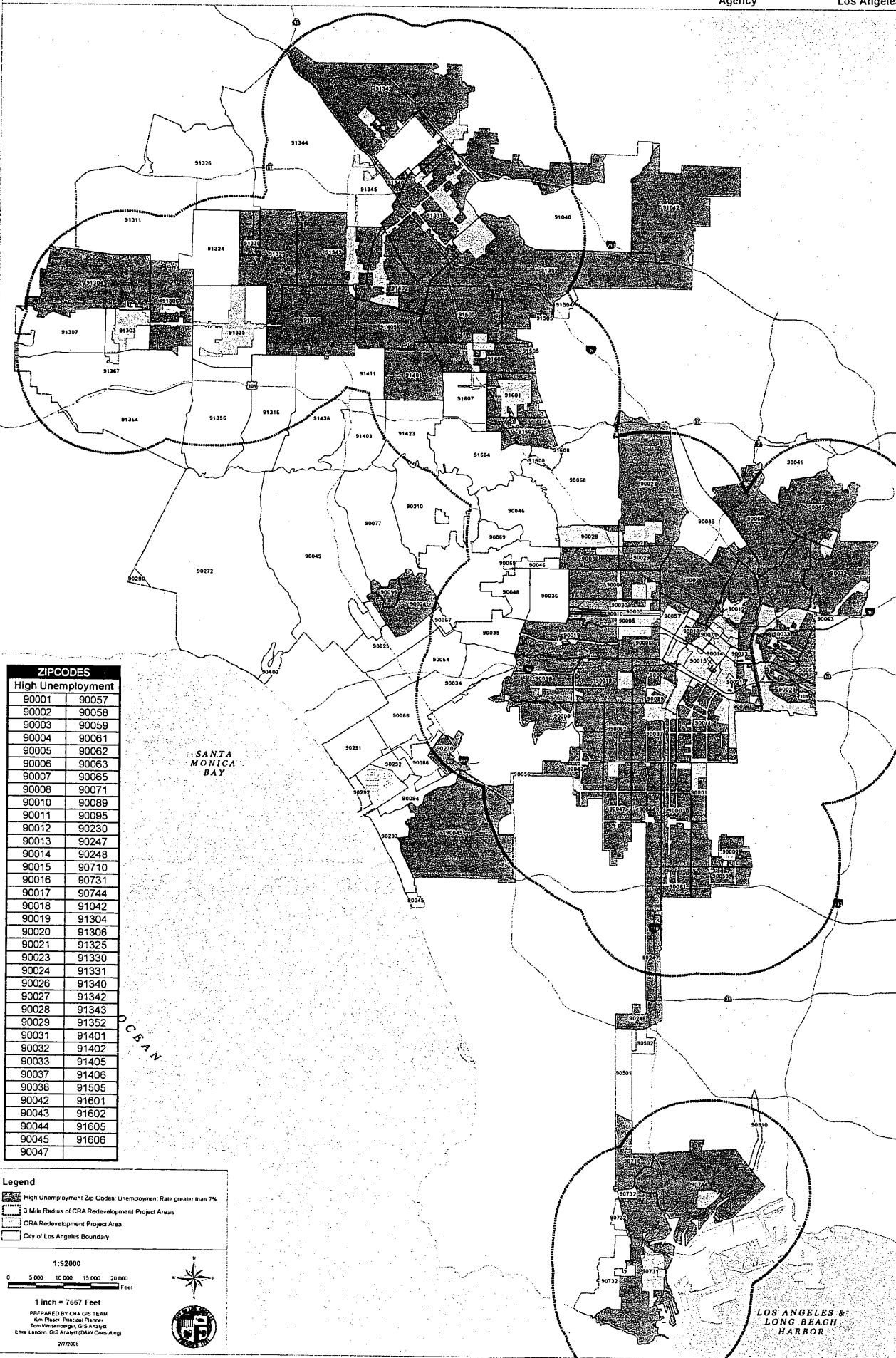
CRA / LA

Redevelopment
Project

High Unemployment Zip Codes and 3 Mile Radius from CRA Project Areas

Community
Redevelopment
Agency

City
of
Los Angeles



**List of CRA/LA Pre-Qualified Firms for
Construction Jobs Coordination & Related Services
(Selected from CRA/LA RFQ No. NP 4721)**

1. Alameda Corridor Jobs Coalition
2. Arbor Education and Training
3. Century Community Training, Inc.
4. Chicana Service Action Center
5. Community Career Development
6. Goodwill
7. Managed Career Solutions
8. Playa Vista Job Opportunities and Business Services
9. SGI Construction Management
10. The Solis Group
11. UAW Labor Employment and Training Corp.
12. United Job Creation Council
13. Westlake WorkSource Center