On Track for Quality Careers: Project Labor Agreements and the Los Angeles County Metropolitan Transportation Authority

Submitted February 15, 2012 Written By: Daniel Villao and Uyen Le

Daniel Villao

State Director of the UCLA Labor Center, California Construction Academy Project. 675 S. Park View St. Los Angeles, CA 90057

Phone:(213) 500-6463 Fax: (213)480-4160

daniel@constructionacademy.org

Uyen Le

Research Director of the UCLA Labor Center, California Construction Academy Project. 675 S. Park View St. Los Angeles, CA 90057

Phone:(504)621-4425 Fax: (213)480-4160 Uyenle1@ucla.edu

Abstract

This paper evaluates how policy tools like project labor agreements (PLAs) can be used by transportation agencies to: 1) target and recruit new and disadvantaged workers into the construction workforce, and 2) prepare them with relevant skills through registered joint labor-management apprenticeship programs.

In November 2008, Los Angeles County voters approved Measure R, which funds critical transit and highway projects in the Los Angeles County region, and is estimated to create 210,000 construction jobs and to utilize \$40 billion dollars over 30 years. This paper will discuss the workforce policies and processes that have been negotiated at the Los Angeles County Metropolitan Transportation Authority (MTA) to implement Measure R. The evaluation will identify the different policies at MTA that aim: 1) to create construction jobs, 2) to ensure the jobs are well-paying and safe, and 3) to create workforce development pathways through registered apprenticeship and targeted hiring policies so that these jobs are accessible to diverse communities.

To implement Measure R, the MTA Board of Directors voted in January 2012 to approve a project labor agreement (PLA) that will target increased participation of disadvantaged workers, such as those that reside in zip codes with high poverty rates and those with multiple barriers to employment. PLAs have historically been used in complex infrastructure projects, such as the Hoover Dam. Examples of other active and historical PLAs for large public works projects, such as the Sound Transit (Seattle public transit system) expansion and the Los Angeles Unified School District construction program, will also be used for comparison and analysis.

Table of Contents

Introduction	3
What Are Project Labor Agreements?	3
What Are Community Workforce Agreements?	4
Summary of MTA Project Labor Agreement	5
Outcomes from Other Project Labor Agreements	6
Sound Transit PLA	6
LAUSD PSA	7
Analysis of PLA Program Outcomes	8
Conclusion	9

Introduction

The UCLA Labor Center – California Construction Academy (CCA) has completed extensive research and analysis of project labor agreements (PLAs), otherwise known as project stabilization agreements (PSAs). This paper will describe PLAs, including the community workforce agreement (CWA) components that are most relevant to workforce development issues. On January 26th, 2012, the Board of Directors at the Los Angeles County Metropolitan Transportation Authority (MTA) voted to approve the use of a five year project labor agreement. This paper will discuss the specific workforce development components of the recently approved MTA PLA, including targeted hiring policies, apprenticeship policies, and small business enterprise policies. Since the PLA at MTA was recently approved, it is not possible to evaluate the outcomes of the policy. However, this paper will utilize two other large public construction projects, Sound Transit in Seattle and the Los Angeles Unified School District, that have been built under PLAs in order to show how PLAs can be used to create good construction careers and access to these careers in the public sector.

Transportation agencies and programs that invest in many large construction projects should consider using PLAs as a way to achieve workforce development goals. PLAs are one of the few tools available to public agencies to actually set workforce development goals, to develop staffing and programming to help construction contractors achieve these goals, and to track and evaluate program outcomes. During this time of high need for employment and business ownership in communities, and also high need for public transparency that require transportation agencies to track workforce outcomes of public investment projects, PLAs can help transportation agencies achieve both of these priorities.

What Are Project Labor Agreements?

A Project Labor Agreement (PLA), also sometimes called a Project Stabilization Agreement (PSA), is a type of contract. The contract is between the construction purchaser and a set of labor unions and can cover individual projects, multiple related projects or an entire construction program. Both parties use PLAs to established predictable and agreeable terms regarding labor/management issues including setting worksite rules and establishing a dispute resolution mechanism in order to resolve any labor disputes without needing to resort to labor strikes and employer lock-outs. ii

Project labor agreements (PLAs) are commonly used tools that help both private and public sector owners ensure that complex construction work on their facilities are done on time, within budget, and with the highest quality and safety standards. PLAs are like "job-site constitutions" that help the process of work coordination between multiple prime and sub-contractors, workforce management, and dispute resolution move more smoothly and consistently on large, complex projects. PLAs are not new, and the earliest PLAs were used to build both the Hoover Dam and the Grand Coulee Dam in the 1930s. Many transportation agencies and programs have recently utilized project labor agreements, as well, usually for large airport construction and transit construction projects. For example, the Sound Transit agency in the Seattle region elected to use PLAs in 1999 for their massive transit plan, including the construction of Link light rail stations and Sounder commuter rail stations.ⁱⁱⁱ

What Are Community Workforce Agreements?

Although broader examples exist, for the purposes of this paper Community Workforce Agreements (CWAs) are the components contained in a project labor agreement that deal specifically with targeted hiring and increased investments to create employment and career pathways for individuals from historically under-served communities, such as low income communities, communities of color, and women. Generally speaking, the CWA may contain one or more of the following strategies, including: 1) recruiting and hiring community members impacted by a construction project site, 2) recruiting and hiring disadvantaged and "at-risk" workers, 3) recruiting and hiring women and minorities, 4) establishing and enforcing apprentice and pre-apprentice utilization requirements, and 5) implementing hiring programs and ensuring compliance from all stakeholders.^{iv}

For example, according to the latest consultant report on the Sound Transit website, their PLA which has been active since 1999, has created 5.7 million work hours for apprentices and journey-level workers. People of color have worked 36% of all apprentice hours and women have worked 14% of all apprentice hours. This demonstrates that CWAs help diverse workers gain access to middle class careers, developing skills that will keep contributing to the economy and scaling the impact of construction programming. Since CWAs ensure prevailing wages and benefits for all workers, they have positive impacts on the lives of the workers and their families, on local businesses where workers and their families spend money, and on local tax revenues when these workers and businesses pay more taxes as a result of having higher incomes.

These employment outcomes for Community workforce agreements in PLAs do not just include the targeted hiring percentages themselves, but also usually include policies for the public agencies or third party program implementers to ensure compliance, and to track the actual targeted hiring outcomes of the program. Transportation agencies that regularly invest in new construction and maintenance should consider using PLAs in order to develop a system of clear workforce goals connected to robust compliance programming and evaluation of outcomes.

According to a study released by the School of Industrial Relations at Cornell University, which analyzed more than 185 project labor agreements nationwide, CWAs can create frameworks and procedures to enforce laws and regulations that increase career opportunities and promote equal employment for residents that are historically under-served. Forty five of the PLAs Cornell University analyzed included policies that targeted the hiring and career training of economically disadvantaged communities. This specific CWA strategy of targeting economically disadvantaged communities was included in the PLA that was recently approved by the Los Angeles County Metropolitan Transportation Authority (MTA) Board of Directors, which will be discussed in the following section.

The connection between CWAs and registered apprenticeship pathways is one of the most important components of CWAs. CWAs typically contain a provision that requires the utilization of a certain percentage of apprentices on a project, and also a certain number of first year apprentices. Apprenticeship utilization goals generate the demand for workers by creating work opportunities and work hours for these workers. The ability of workers to move from an

apprentice classification to a journey-level worker title is based on work hours and in-class instruction these workers have invested.

Participation in joint labor-management apprenticeships (apprenticeships that are co-funded and co-administered by workers representatives and management) provides individuals with many benefits and allows them to access one of the most highly-developed private training programs in the United States. These joint labor-management apprenticeship programs have 15,000 instructors, operate 1,500 cutting-edge training facilities, and utilize hundreds of millions of dollars of private capital nationwide. Due to the cyclical nature of construction, many individual contractors may not see it beneficial for them to train all of their workers, especially if some may only be working with them for several days or weeks at a time. Thus, joint labor-management apprenticeship programs have been created in order to train workers even as they move from one construction project to the next and one contractor to the next, providing continuity in instruction and wages for apprentices as they work towards their journey-level worker certification.

The Cornell University study on community workforce agreements (CWAs) also identify several challenges that have arisen during the implementation of CWAs as part of project labor agreements. These challenges include problems in recruiting and training individuals who fit the targeted hiring provisions, creating realistic hiring targets for specific geographic areas where the PLAs are being implemented, and the need to adjust processes during the PLA implementation stage if unanticipated challenges arise. However, these implementation challenges can be overcome by pro-active planning and program development, including creating preapprenticeship programs to recruit and ensure preparedness of targeted populations, allowing for flexibility in the actual targeted hiring percentages set according to local conditions, and also allowing for flexibility changing PLA processes when unanticipated changes arise. ix

Summary of MTA Project Labor Agreement

The Los Angeles County Metropolitan Transportation Authority (MTA) unanimously approved the utilization of a renewable five year project labor agreement (PLA) for construction projects that are estimated at above \$2.5 million dollars. If MTA's Long Range Transportation Plan is fully implemented, and if the PLA remains in effect, this could mean that the PLA will cover almost \$70 billion worth of construction work at MTA over the next 30 years. In the PLA that MTA approved, the Board opted to targeted individuals who live in economically disadvantaged communities and those that are disadvantaged workers. 40% of the work hours under the PLA will be targeted for workers who live in zip codes that contain census tracts in which the annual median income is \$40,000 per year or less. 10% of the work hours will be targeted toward "disadvantaged workers," which MTA defines as "any individual who meets the income requirements of a targeted worker and faces at least two of the following barriers to employment: is homeless; is a custodial single parent; receives public assistance; lacks a GED or high school diploma; has a history of involvement with the criminal justice system; has experienced chronic unemployment; is emancipated from foster care; is a veteran of the Iraq or Afghanistan wars; is an apprentice with less than 15% of the hours required to graduate to journey level."

Instead of using local hire provisions, under which only local workers living in a certain geographic area surrounding construction project sites would be eligible, the MTA Board opted to use economically-based targeted hiring provisions. Under the economically-based provision, anyone from across the country who lives in what MTA defines as an economically disadvantaged zip code or qualifies under MTA's definition of a disadvantaged worker can be eligible for the targeted hiring program. Since MTA is receiving federal funding in order to fund the construction work, it was important that MTA not limit work opportunities to just local residents but rather to all qualified residents nationwide.

MTA's newly approved PLA also contains apprenticeship utilization goals, namely that at least 20% of all work hours will be performed by apprentices that participate in joint labor-management registered apprenticeship training programs. As stated in the CWA section above, these apprenticeship utilization targets are very important to generating the demand for workers from communities that are being targeted for hiring. In short, apprenticeship utilization goals create the work opportunities for entry-level workers and also those who are in apprenticeship programs but need more hours in order to advance towards journey-level status.^{xi}

The MTA PLA also contains provisions that describe the recruitment and hiring of targeted workers. MTA requires contractors, sub-contractors, and employers who are working under the PLA to utilize a qualified "Jobs Coordinator" in order to meet the targeted hiring provisions. The role of the Jobs Coordinator is to outreach to targeted workers, to refer these workers to the unions, and to ensure that the employers are meeting their targeted hiring requirements. The unions, the employers, and Jobs Coordinators are also responsible for reaching out to veterans that are interested in pursuing a career in construction.

It is too early to evaluate workforce development outcomes from the MTA PLA since it was just approved on January 26, 2012, but transportation agencies and other stakeholders who are interested in developing high quality construction careers and access to these careers should pay close attention in the next few years to this groundbreaking PLA policy at MTA. The following section will utilize outcomes from two other large public-sector PLAs that have been implemented for at least seven years in order to identify some of the outcomes and lessons learned. These two examples, namely the Sound Transit PLA and the Los Angeles Unified School District PSA, provide more information to transportation stakeholders interested in developing high-quality and accessible construction careers in transportation.

Outcomes from Other Project Labor Agreements

Sound Transit PLA

The Sound Transit project labor agreement (PLA) was approved by the Sound Transit Board in 1999. Sound Transit is the transit agency for the Seattle area, and its service area crosses three Counties in Washington State. Since 1999, over \$1 billion of work has been completed under the PLA. Sound Transit recently released a report by Agreement Dynamics, Inc. that analyzed large portions of the projects covered under the PLA. Sound Transit's targeted hiring provisions are different from MTA's, and specifically targeted workers based on race and gender, which MTA cannot do because of Proposition 209 in California. Section 6.4 of the Sound Transit PLA states, "It is the goal of the parties to increase the membership and

participation of underrepresented groups, including women and people of color, in the construction of the projects to which this PLA applies." Sound Transit set a goal of 21% of all work hours to be performed by people of color and 12% of all work hours to be performed by women. Sound Transit's PLA also contained apprenticeship utilization goals under which apprentices will work at least 20% of all work hours, and 33% of all apprenticeship hours are to be performed by women and people of color. Sound Transit also created contracting goals for disadvantaged business enterprises (DBEs) that are certified by the Washington State's Office of Minority and Women Business Enterprise. The actual percentage goal for DBEs changed each year according to federal and local regulatory processes, and Sound Transit created a Small Business Program in order to increase small business participation in the Sound Transit PLA.

The PLA program outcomes have been positive, according to the 2011 report, 26% of total hours were worked by people of color, exceeding the agency's sub-goal of 21%. 7% of total hours were worked by women, so Sound Transit did not meet their sub-goal of 12% of total hours worked by women, but they are continuing to work with different stakeholders in order to increase this number. 36% of apprentice hours were worked by people of color and 14% of apprentice hours were worked by women, which exceeded their initial goals. Sound Transit did not meet its goal of 20% of total work hours to be worked by apprentices, and the actual outcomes are currently at 14%. However, by meeting and exceeding the sub-goals of apprenticeship utilization for people of color and women, the Sound Transit program was still able to create unprecedented access for these communities to high-quality construction employment and apprenticeship training. With respect to disadvantaged and small business enterprise utilization, 27% of all contracting dollars (\$269 million) went to small businesses and 19% of all contracting dollars (\$198 million) went to minority- and women-owned businesses. These are exceptional outcomes that were achieved under the Sound Transit PLA.

LAUSD PSA

The Los Angeles Unified School District (LAUSD) adopted a Project Stabilization Agreement (PSA) that contained small business enterprise goals and local hire goals in 2003. The PSA contains a local hire goal of 50% LAUSD district resident participation. "Local" in this case is defined as a worker who lives in one of the zip codes that fall within the boundaries of the LAUSD's eight sub-districts. In addition to targeting local workers, the PSA also states that up to 30% of the workforce for each craft will be apprentices, of which 40% must be first year apprentices. The LAUSD program also contains a small business enterprise (SBE) participation goal under which at least 25% of the total value of construction contracts will go to small businesses.

The outcomes for the LAUSD PSA local hire, apprenticeship utilization, and small business enterprise utilization provisions have been excellent. The LAUSD was able to achieve 41% local hire for workers who resided within LAUSD boundaries, totaling 42% of all wages earned, and 68% local hire for workers who resided within Los Angeles County, totaling 79% of all wages earned. This means that the LAUSD PSA generated \$1.02 billion for resident of Los Angeles County between 2003-2011 alone. The LAUSD PSA also met its apprenticeship utilization numbers, including 40% of all apprentices being first-year apprentices. This

created many opportunities for entry-level workers and those going through apprenticeships to gain work hours that help them advance in their careers towards journey-level worker status.

Table 1 shows that LAUSD has spent over \$8.68 billion on construction, and approximately 48% of that amount was awarded to small and disadvantaged business enterprises. Small and disadvantaged businesses were able to access \$4.15 billion worth of construction contracts as a result of LAUSD's project stabilization agreement alone. xiv

Table 1. Small Business Participation under LAUSD's PSA 2003-2011

Total Construction Contract Awards: \$8,678,876,754.78

Total SBE Contract Awards: \$4,149,527,603.75

SBE Participation Level: 47.8%

Analysis of PLA Program Outcomes

The positive targeted hire, apprenticeship utilization, and small/disadvantaged business enterprise utilization outcomes under the Sound Transit PLA and the LAUSD PSA reflect several significant factors. The most prominent factors are the respective Boards' decisions to opt to include these goals in the PLAs initially, and then to invest resources into achieving the goals and ensuring contractors and other stakeholders comply with their responsibilities to achieve these goals. The main lesson learned from these two programs is that it is not enough to have a written policy regarding workforce development, but strong leadership, compliance mechanisms, and staff resources also need to be a part of the equation for success.

Local Building Trades Councils, Labor unions and their hiring halls also played a prominent role in helping these two PLAs achieve their workforce development goals. Union hiring halls were able to go through their existing lists in order to specifically target workers that meet the PLA targeted hiring criteria and dispatch those workers to the jobsites. This helped employers and jobs coordinators to achieve the targeted hiring goals. Unions were also able to accept referrals from pre-apprenticeship programs and jobs coordinators and place these workers into the apprenticeship training pipelines.

The pre-apprenticeship programs and jobs coordinator functions at the LAUSD and Sound Transit were key partners in the PLAs structure. The Regional Apprenticeship Preparation Integrated Delivery System (RAPID) program at Sound Transit and the We Build program at LAUSD served several critical workforce development functions. These programs outreached to and recruited potential workers that met the targeted hiring goals and conducted pre-apprenticeship training with these targeted workers so that they would meet eligibility for and succeed in apprenticeships. These programs then linked these workers directly to joint labor-management apprenticeship programs, they often served as jobs coordinators or worked directly with employers' jobs coordinators in order to interface with contractors and unions to ensure that

these groups were working collaboratively in order to meet the targeted hiring and apprenticeship utilization goals

The Sound Transit and LAUSD PLAs also achieved exemplary outcomes for the small/disadvantaged business provisions due to strong commitment and compliance from leaders, staff, and contractors. According to Veronica Soto, Small Business Program manager at the LAUSD for the majority of the PLA, her office took several key actions to ensure that contractors were aware of the main provisions of the PLA and how to comply. LAUSD created training and technical assistance programs as well as improved their own administrative processes in order to help small businesses more successfully compete for construction contracts. Some of these steps included streamlining the pre-qualification process for contractors, providing access to previous bid documents and conducting mock bid workshops, providing public contracting and safety training, and creating workshops on other pertinent issues such as bonding, insurance, and financial management. The Small Business Program also created social events and other events where small contractors could meet and build relationships with large prime contractors that they could partner up with in the future.^{xv}

The Sound Transit program implemented similar small/disadvantaged business support programs which helped them to achieve success. Sound Transit recently received an honor from the US Department of Transportation's Office of Small and Disadvantaged Business Utilization for the exemplary work they have done on small/disadvantaged business utilization. xvi

Overall, the Sound Transit and LAUSD programs also made sure that all leadership within their respective organizations were aware of the PLAs, not just the specific staff that were assigned to implement the policies. For example, the Small Business Program and the We Build program at LAUSD worked collaboratively to conduct PLA trainings for all program managers and facilities managers at LAUSD. This helped to ensure that all of LAUSD's leadership knew what the PLA goals were and could work collaboratively across the organization to achieve these goals. *viii*

Conclusion

The examples above demonstrate that PLAs are one of the most effective tools to be able to set workforce development goals for transportation construction contracts, to implement these goals, and to report on whether these goals were met. This paper has used the examples of the Los Angeles Unified School District and the Sound Transit agency PLAs to show that ambitious workforce development goals can be achieved through the use of PLAs. These examples were also used to show that it is not enough to simply write a policy and assume that the policy goals will be met. Rather, how the policy is actually implemented is also critical to the achievement of workforce development goals. The implementation process requires dedicated staff time and financial resources, commitment from leadership, participation of pre-apprenticeship programs and labor organizations, supportive programs for workers and small contractors, and coordination of diverse stakeholders. As transportation agencies and transportation sector stakeholders look towards repairing and modernizing our nation's transportation infrastructure in the next few decades, they should take advantage of the PLA structure to achieve their workforce development goals.

ⁱ Littman, Mark. "Metro Board Approves Project Labor Agreement for Metro Construction Projects." Los Angeles County Metropolitan Transportation Authority. Web. January 26, 2012. http://m.metro.net/news/simple_pr/Metro-Board-approves-PLA-for-Metro-Construction-Pr/ Accessed February 16, 2012.

ⁱⁱ Philips, Peter. Construction Careers for Our Communities. UCLA Labor Center. 2008.

Agreement Dynamics. *Sound Transit Project Labor Agreement Study*. Prepared for Sound Transit by Agreement Dynamics. November 2011. http://www.soundtransit.org/Documents/pdf/about/PLAReport12111.pdf . Accessed February 15, 2012.

Figueroa, Maria, Jeff Grabelsky, and Ryan Lamare. *Community Workforce Provisions in Project Labor Agreements: A Tool for Building Middle Class Careers*. Cornell University ILR School.

Agreement Dynamics. *Sound Transit Project Labor Agreement Study.* Prepared for Sound Transit by Agreement Dynamics. November 2011. http://www.soundtransit.org/Documents/pdf/about/PLAReport12111.pdf . Accessed February 15, 2012.

vi Figueroa, Maria, Jeff Grabelsky, and Ryan Lamare. *Community Workforce Provisions in Project Labor Agreements: A Tool for Building Middle Class Careers*. Cornell University ILR School.

vii Figueroa, Maria , Jeff Grabelsky, and Ryan Lamare. *Community Workforce Provisions in Project Labor Agreements: A Tool for Building Middle Class Careers.* Cornell University ILR School.

Figueroa, Maria, Jeff Grabelsky, and Ryan Lamare. *Community Workforce Provisions in Project Labor Agreements: A Tool for Building Middle Class Careers*. Cornell University ILR School.

Figueroa, Maria , Jeff Grabelsky, and Ryan Lamare. *Community Workforce Provisions in Project Labor Agreements: A Tool for Building Middle Class Careers*. Cornell University ILR School.

^x Littman, Mark. "Metro Board Approves Project Labor Agreement for Metro Construction Projects." Los Angeles County Metropolitan Transportation Authority. Web. January 26, 2012. http://m.metro.net/news/simple_pr/Metro-Board-approves-PLA-for-Metro-Construction-Pr/ Accessed February 16, 2012.

Littman, Mark. "Metro Board Approves Project Labor Agreement for Metro Construction Projects." Los Angeles County Metropolitan Transportation Authority. Web. January 26, 2012. http://m.metro.net/news/simple_pr/Metro-Board-approves-PLA-for-Metro-Construction-Pr/ Accessed February 16, 2012.

Agreement Dynamics. *Sound Transit Project Labor Agreement Study*. Prepared for Sound Transit by Agreement Dynamics. November 2011. http://www.soundtransit.org/Documents/pdf/about/PLAReport12111.pdf . Accessed February 15, 2012.

Le, Uyen. *Project Labor Agreements: Pathways to Business Ownership and Workforce Development in Los Angeles.* UCLA Labor Center. California Construction Academy Program. November 2011.

xiv Le, Uyen. *Project Labor Agreements: Pathways to Business Ownership and Workforce Development in Los Angeles*. UCLA Labor Center. California Construction Academy Program. November 2011.

^{xv} Le, Uyen. *Project Labor Agreements: Pathways to Business Ownership and Workforce Development in Los Angeles*. UCLA Labor Center. California Construction Academy Program. November 2011.

Sound Transit. "US Department of Transportation Honors Sound Transit for Utilizing Small and Disadvantaged Businesses." Sound Transit. Web. August 23, 2011. http://www.soundtransit.org/About-Sound-Transit/Doing-business-with-us/Diversity-program.xml. Accessed February 15, 2012.

^{xvii} Le, Uyen. *Project Labor Agreements: Pathways to Business Ownership and Workforce Development in Los Angeles*. UCLA Labor Center. California Construction Academy Program. November 2011.