



**Establishment of a Pilot Project Stabilization Agreement (PSA)
for the Northern Branch Jail AB 900 Phase II Project**



Why Are We Here Today?

- **On Tuesday, July 8, 2014 your Board considered an item on the Northern Branch Jail AB 900 Phase II Project**
- **The current Construction Estimate is \$69.4 Million**
- **General Services was directed to proceed with coordination, negotiation, and preparation of documents needed to establish a PSA, if possible**



Presentation Overview

- **What is a PSA?**
- **Negotiation Process**
- **Agreement Points & Negotiated Agreement**
- **Local Contractor Outreach/Volume of Bids**
- **Status of TCBT Approvals**
- **Timing Considerations and Board Actions**
- **Closing and Thank You**



What is a PSA?

- **A PSA is a contractually binding negotiated agreement**
- **Between a project owner and the building and construction trade unions**
- **There are no guarantees that a PSA will increase or decrease construction costs, nor attract or detract local labor beyond “Good Faith” efforts**
- **On public projects all applicable state and federal bidding statutes and regulations must be followed**



What is a PSA? - Potential Benefits

- **PSAs allow for the timely resolution of labor disputes**
- **PSAs may assure such things as a steady supply of skilled labor, commensurate benefits, and uniform policies**
- **Community benefits may include jobs, and training opportunities, and use of local apprenticeship programs**
- **PSAs often contain language defining health and safety provisions, safety practices, and minimum security requirements**



What is a PSA? – Potential Disadvantages

- **PSAs place additional burdens on nonunion contractors, particularly smaller local contractors, when bidding on projects**
- **PSAs may reduce the number of bids on a project, limiting competition and raising overall project cost**
- **A PSA may be redundant as the project will be constructed in accordance with state statutes and a pre-qualification process has been developed for potential contractors**



Negotiation Process

- **Establishing a Project Stabilization Agreement required negotiating with the Tri-County Building and Construction Trades Council (TCBT) <11 meetings>**
- **Other stakeholders involved in the process: <3 Meetings>**
 - **Tri-Counties District of the Associated General Contractors (AGC)**
 - **Santa Maria Valley Contractors Association (SMVCA)**
 - **Santa Barbara Contractors Association (SBCA)**
 - **Southwest Regional Council of Carpenters (SRCC)**



Agreement Points

- **Numerous PSAs have been negotiated across the state and nation**
- **PSAs are negotiated and uniquely designed for the particular project to be constructed, however:**
 - **In California, certain provisions are legislatively mandated**
 - **There are standard provisions within each PSA**
 - **Santa Barbara is a General Law County**

Agreement Points



- **In 2012 the County of Ventura concluded a PSA negotiation process with TCBT**
- **During their negotiations agreement could not be reached on a handful of provisions.**
- **Similar provisions arose for us**
- **Your Board's input framed and guided our negotiations**



Agreement Points

- **Negotiated provisions in the PSA are:**
 - **Core Workforce – 6 Workers on payroll for 60 of the last 100 working days with additional workers to be provided through Signatory Union(s) referral system**
 - **Exemption for offsite fabrication facilities unless facility is working exclusively for this project. Additionally, transport of all materials to or from site is exempted**
 - **Exemption from the PSA for all Professional Services unless included in contract bid documents**
 - **Contractors/Employers will use apprentices from Joint Labor/Management apprenticeship/training programs, to the extent permitted by law**



Agreement Points

- **Other provisions that staff benefitted from Board's direction:**
 - **Union Dues – Non-Union workers will pay Representation fees equivalent to monthly and working Union Dues. Union employees will continue to pay all required union dues/fees**
 - **Union Benefits – Non-Union contractors will pay fringe benefits in accordance with state law and have the option to participate in Union benefit plans as well**



Agreement Points

- **Local Participation Project Goal- 45% local labor**
 - **“Good Faith” effort of at least 45% of Union referrals of labor and craft positions from local residents**
 - **“Good Faith” effort by Contractor to employ a minimum of 45% of labor and craft positions from local residents for their core workforce**



Local Contractor Outreach

- **The goal of the negotiating team was to develop a balanced PSA that would attract the maximum number of local contractors for this project**
- **The Kitchell report reached out to 118 Santa Barbara County contractors – 77 contractors responded**
- **81% of local contractors who expressed a mid to high level of interest in bidding were non-union**
- **Most important factor in total bid price is sub contractor bid prices, which account for 50% of the costs**



Volume of Bids Affect on Total Project Cost

Number of Bids Received	Deviation from Engineers Estimate
1 Bid	+ 15% to +40%
2-3 Bids	+8 % to +12%
4-5 Bids	-4 % to +4%
6-7 Bids	-5% to -7%
8+ Bids	-8% to -12%



Status of TCBT Approvals

- **TCBT fails to deliver all approvals by October 1st**
- **TCBT delivers 1 of 2 exceptions on October 2nd**
- **TCBT reported on October 3rd that the Operating Engineers refused to sign PSA**
- **Without 100% approval of the trades represented by TCBT the risk of strikes and labor unrest increases and it causes further uncertainty for potential bidders**



Timing Considerations and Board Actions

- **TCBT should state whether they can deliver 100%:**
 - **If TCBT can deliver then conceptually approve PSA, continue item to October 14th and TCBT delivers 100% no later than October 13th**
- **If TCBT can not deliver, then the following options exist:**
 - **Approve PSA with less than all signatures and weaker strike proofing; or**
 - **Use the existing Joint Labor Compliance Program for the project; or**
 - **Use the existing Joint Labor Compliance Program and direct staff to consider future projects for pilot PSA**



Thank You

County Negotiating Team:

Johannah Hartley

Greg Chanis

Chris Sneddon

**Tri-County Building and
Construction Trades Council**

Stakeholders



Recommendations

- A. Receive report on the status of negotiations for the development of a framework for a Pilot Project Stabilization Agreement for the Northern Branch Jail AB 900 Phase II Project;**
- B. Receive evidence and find *by adopting attachment #5* that a Pilot Project Stabilization Agreement furthers a legitimate governmental interest consistent with competitive bidding law by preventing costly Project delays, assuring contractors access to skilled labor, and avoiding the potential for labor strife during the life of the Project, if finding made; then**
- C. Approve and authorize the Chair to sign the Pilot Project Stabilization Agreement for the Northern Branch Jail AB 900 Phase II Project; or**



Recommendations

- D. Direct staff to move forward with this project utilizing your Board's previously approved Joint Labor Compliance Program on July 10, 2012, in lieu of with the Pilot Project Stabilization Agreement;**

- E. Find that the proposed action does not constitute a "Project" within the meaning of the California Environmental Quality Act (CEQA), pursuant to 14 CCR 15378 (b)(5), in that it is a government administrative activity that will not result in direct or indirect physical changes in the environment**

Prevailing Wage & Fringe Benefits



GENERAL PREVAILING WAGE DETERMINATION MADE BY THE DIRECTOR OF INDUSTRIAL RELATIONS
PURSUANT TO CALIFORNIA LABOR CODE PART 7, CHAPTER 1, ARTICLE 2, SECTIONS 1770, 1773 AND 1773.1
FOR COMMERCIAL BUILDING, HIGHWAY, HEAVY CONSTRUCTION AND DREDGING PROJECTS

CRAFT: # CARPENTER AND RELATED TRADES

DETERMINATION: SC-23-31-2-2013-2

ISSUE DATE: August 22, 2013

EXPIRATION DATE OF DETERMINATION: June 30, 2014** The rate to be paid for work performed after this date has been determined. If work will extend past this date, the new rate must be paid and should be incorporated in contracts entered into now. Contact the Office of the Director – Research Unit for specific rates at (415) 703-4774.

LOCALITY: All localities within Imperial, Inyo, Kern, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, and Ventura counties.

Classification (Journey person)	Basic Hourly Rate	Employer Payments					Straight-Time		Overtime Hourly Rate			
		Health and Welfare	Pension	Vacation/ Holiday	Training	Other	Hours	Total Hourly Rate	Daily ^g 1 1/2X	Saturday ^b 1 1/2X	Sunday and Holiday	
^a AREA 1												
Carpenter^c, Cabinet Installer, Insulation Installer, Hardwood Floor Worker, Acoustical Installer	\$38.30	\$5.70	\$3.91	\$3.35^f	\$0.42	\$0.31	8	\$51.99	\$71.14	\$71.14	\$90.29	
Pile Driverman ^c , Derrick Bargeman, Rockslinger, Bridge or Dock Carpenter, Cable Splicer	38.43	5.70	3.91	3.35 ^f	0.42	0.31	8	52.12	71.335	71.335	90.55	
Bridge Carpenter ^c	38.43	5.70	3.91	3.35 ^f	0.42	0.31	8	52.12	71.335	71.335	90.55	
Shingler ^c	38.43	5.70	3.91	3.35 ^f	0.42	0.31	8	52.12	71.335	71.335	90.55	
Saw Filer	38.39	5.70	3.91	3.35 ^f	0.42	0.31	8	52.08	71.275	71.275	90.47	
Table Power Saw Operator	38.40	5.70	3.91	3.35 ^f	0.42	0.31	8	52.09	71.29	71.29	90.49	
Pneumatic Nailer or Power Stapler	38.55	5.70	3.91	3.35 ^f	0.42	0.31	8	52.24	71.515	71.515	90.79	
Roof Loader of Shingles	26.90	5.70	3.91	3.35 ^f	0.42	0.31	8	40.59	54.04	54.04	67.49	
Scaffold Builder	29.50	5.70	3.91	3.35 ^f	0.42	0.31	8	43.19	57.94	57.94	72.69	



SANTA BARBARA COUNTY TRANSPORTATION PROJECTS - LABOR COMPLIANCE/INTERVIEW SHEET 2013-2014

EMPLOYER	LABOR CLASSIFICATION	PREVAILING WAGE RATE*	INTERVIEW STATED RATE	CERTIFIED PAYROLL*	CERTIFIED PAYROLL DATE	COUNTY CHECK	CHECKER INITIALS
CalPortland Const.	OPERATOR	63.67	40.00	63.90	02/09/14	YES	LT
Vista Steel	Iron Worker	59.84	58.00	60.84	02/16/14	YES	LT
Super Seal & Stripe	Foreman	50.91	35.58	54.30	08/25/13	YES	LT
Super Seal & Stripe	Superintendent	50.91	38.01	54.30	01/20/13	YES	LT
Delta Welding	Welder	47.87	57.00	58.12	01/19/13	YES	LT
NOTES							
1) *Hourly labor rates includes fringe benefits							

How Did We Get Here



- **If your Board approves today's recommended actions, staff will:**
 - **Incorporate your comments in the County's draft negotiation documents**
 - **Commence negotiations with TCBT**
- **Your Board's approval of a draft PSA will need to occur by September 2014**
- **If not, the Project can move forward utilizing the Joint Labor Compliance Program your Board approved on July 10, 2012**



[Negotiation Responses](#)



Importance of Bid Volume

- **General Contractor invites sub contractor bidding in each of 60+ trades and vendors**
- **Not unusual for individual trade bids to vary as much as 100%**
- **Sub contractors account for 60-80% of total dollar volume on typical project**
- **Most important factor in total bid price is sub contractor bid prices**

Information from Saylor Publications

