MEMORANDUM

TO: Agency Commissioners
FROM: Fred Blackwell, Executive Director
SUBJECT: Workshop on Master Project Labor Agreement (PLA)

EXECUTIVE SUMMARY

The Agency, in partnership with the Office of Economic and Workforce Development, will begin pre-planning for the negotiation of a Master Project Labor Agreement (PLA) for projects that meet a particular threshold in redevelopment areas in the Southeastern Sector. The goal of the proposed PLA is to provide a mechanism for maximizing employment opportunities and permanent jobs created through redevelopment activity for local residents and to provide for orderly resolution of labor conflicts on Agency and City funded projects.

DISCUSSION

Background

Over the last 18 months, Redevelopment Project sites have experienced a number of labor disputes resulting in picketing, work stoppages and near violence, largely as a result of community outrage in response to perceived and real unmet local hiring goals on several construction projects. Historically, developers have negotiated PLAs directly with the building trades unions to ensure continuous construction without strikes, work stoppages, picketing, lockouts, slowdowns and other interferences with work. The responsibility of enforcing these agreements and adherence to local hiring goals has largely fallen on project developers.

In the next 15 years, the Agency is projecting at least $2 billion in construction projects in the Southeast, resulting in thousands of newly constructed residential units. The Agency anticipates that this investment will generate substantial employment opportunities and seeks a PLA to govern all projects above a specified investment threshold in the Southeast to ensure that San Francisco and project area residents are connected to those opportunities.

The proposed PLA would be one component of the Agency’s comprehensive approach to improving its workforce development infrastructure in the Southeast. The current local hiring goal of 50% on Agency projects is rarely met, which can be attributed to a variety of factors, including the “good faith” nature of the agreements, an inadequate pool of people prepared for construction jobs, and insufficient job training and placement infrastructure. The Agency’s work
on the PLA would include an assessment of the appropriateness of its local hiring goals and policies as well as the development of terms that would provide for in lieu payments for failure to achieve those goals. The programmatic component of the Agency’s approach is already underway in the form of its Job Readiness Initiative (JRI) which will invest $1.3 million over the next 18 months in the workforce development agencies that serve the Southeast to ensure that residents are prepared to enter the workforce.

**PLA Scope and Potential Benefits**

The proposed PLA would cover all Agency projects above a specified investment threshold in the following Project Areas: Bayview Hunters Point, Hunters Point Shipyards and Visitation Valley. For the initial phase of work on the PLA, the Agency is primarily considering its own development projects in these Project Areas. However, if proven successful, it is possible that the agreement will cover projects that have investments from the Mayor’s Office of Housing (MOH) and the Public Utilities Commission (PUC). The Office of Economic and Workforce Development (OEWD) will also participate in the negotiations of the PLA (see Structure section below). It is also possible that the PLA could be expanded to cover publicly funded projects City-wide.

Traditional PLAs negotiated directly between developers and unions typically include no-strike stipulations, agreements that ensure labor peace and good-faith efforts to utilize resources provided by minority and women owned businesses from the Project Areas and San Francisco residents.

Staff is seeking to pursue a PLA that includes these elements but also incorporates enhanced benefits associated with stronger local hire provisions and increased local membership in the construction trades. In the proposed enhanced PLA, additional potential benefits include:

1. Increased public benefit by incentivizing unions to recruit project area and local residents into apprenticeship programs and ensure that dispatch rules prioritize project area and local resident journeypersons;

2. Improved Agency impact through
   a. Agency enforcement of local hiring goals through monitoring and compliance;
   b. A multiplier effect in which the Agency’s initial investment results in an increased overall local employment and income rates, followed by increased consumption that will support neighborhood market strength, homeownership rates, small business development, etc.
Data Needs

There are several pieces of the data that will be needed to both inform the decision to negotiate a PLA and to guide negotiations. First, Agency staff is in the process of assessing the development project pipeline to project job creation in the building trades. In addition, staff has commissioned a feasibility study to determine the economic impact of the proposed PLA on the projects that would be affected. Finally, in partnership with OEWD, Agency staff is commissioning a Labor Market Analysis which will collect data regarding the existing labor pool in the City, by trade and zip code, to ascertain how many local area residents are currently in the unions, including a breakdown of their demographics.

Structure

In the coming months, Agency staff intends to assemble two teams in preparation for PLA negotiations:

Negotiating Team – This team will be negotiating primarily with the unions.

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<td>Fred Blackwell, Director</td>
<td>Michael Cohen, Director</td>
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<td>Rhonda Simmons, Workforce Director</td>
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Policy Team – This group will play an advisory role to the negotiating team and will be comprised of a cross-section of stakeholders as well as members of SFRA and OEWD staff.

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<th>SFRA</th>
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<td>Stephen Maduli-Williams, Deputy Director</td>
<td>Guillermo Rodriguez, City Build Director</td>
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<td>Claudine del Rosario, Project Manager</td>
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<td>Christina Garcia, Monitoring and Compliance</td>
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NEXT STEPS

Agency staff will return to the Commission in December to request authorization to begin negotiations and to release a Request for Qualifications (RFQ) to hire a primary consulting team that will assist with preparation and negotiations. In the meantime, staff will continue outreach and discussion with stakeholders.

(Originated by Claudine del Rosario)

Fred Blackwell
Executive Director