

Central California Chapter

P.O Box 80718 | 19466 Flightpath Way Bakersfield, CA 93380 Office: (661) 392-8729 Fax: (661) 392-9076

July 17, 2019

Joe Carrieri, PCL: Industrial Svcs **Chairman**

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> William Morris AERA Energy

> > Clint Phillips, Insurica

Joel Rodgers, Braun Electric

Jeff Warren Klein Law Advisory Member South San Luis Obispo Sanitation District Post Office Box 339 Oceano, California 93475-0339

Dear Board of Directors:

I am writing in opposition to the proposed Project Labor Agreement (PLA) on your agenda this evening. Our organization is opposed to PLAs because they are highly discriminatory and lead to increased costs.

PLAs discriminate against 83% of the California construction workforce that are non-union. PLAs are schemes that are implemented by labor unions to prevent local workers who are not members of a labor union from working on local projects in favor of union labor.

Because they discriminate, many non-union companies will not bid on projects with PLAs. This leads to higher prices for the taxpayers. In fact, many studies have shown that PLAs raise costs on projects by 13-15%.

These discriminatory agreements have four things in common:

- 1. Require contractors to run all labor through the union hall and prevent a contractor from using his core workforce.
- 2. When a non-union contractor is required to use union labor, it forces the contractor to invite workers onto the job site that may not be familiar with the contractor's safety protocols and processes.
- 3. Require contractors to pay into union health and retirement plans for non-union workers. This means the contractor is often paying double the health benefits and retirement contributions, when employee's will never benefit from the benefits under the union.
- 4. Prevents other Apprenticeship programs from dispatching apprentices to the worksite, even if the contractor is already affiliated with an Apprenticeship program.

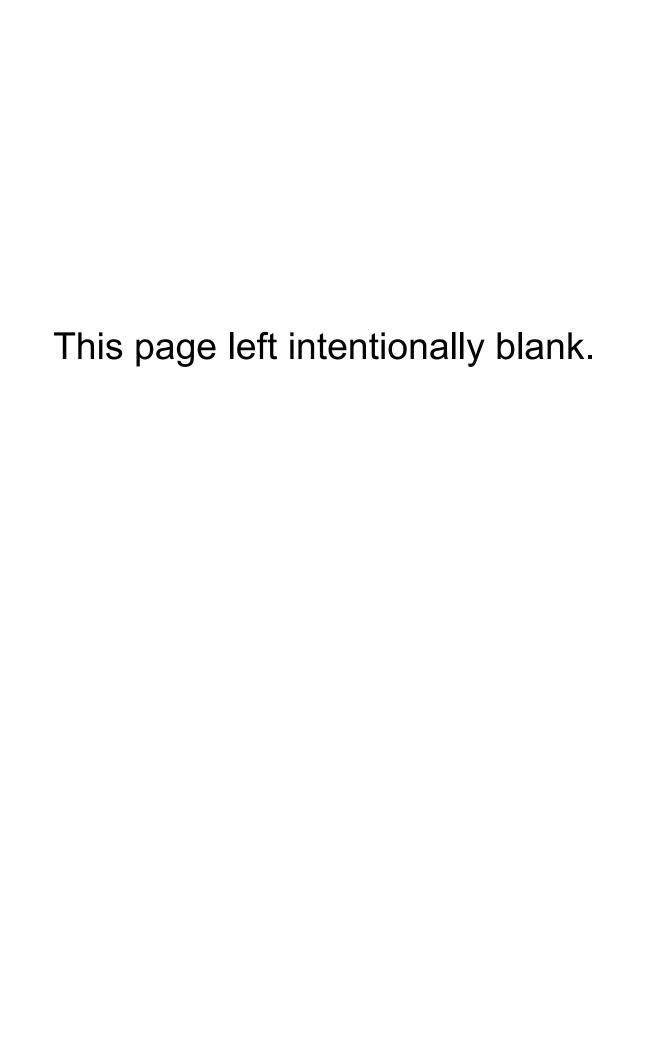
We strongly urge your board to reject this proposal and look forward to working with the district to ensure access for all workers on construction projects in San Luis Obispo County, not just Union Workers.

-uuu

st regards,

President

Associated Builders and Contractors





3529 Pegasus Drive Bakersfield, CA 93308 (661) 615-6101 Fax (661) 615-6108

July 16, 2019

Mr. Jeff Lee South San Luis Obispo Sanitation District Post Office Box 339 Oceano, CA 93475-0339

RE: Opposition to Project Labor Agreements

Dear Board of Directors:

I am writing regarding the item on Project Labor Agreements (PLAs) on the District Board agenda July 17, 2019. As a contractor who would be discouraged from submitting a proposal to your Board if a PLA is enacted, I am strongly opposed to PLAs and urge you to vote NO on this item.

PLAs discriminate against 83% of the California construction workforce that are non-union, including my company. PLAs prevent local non-union contractors from working on local projects.

Because of this discrimination, many non-union companies, such as mine, cannot bid on projects with PLAs in place. This leads to less competition and higher prices for the taxpayers. In fact, many studies have shown that PLAs raise the cost of a project by 13-15%.

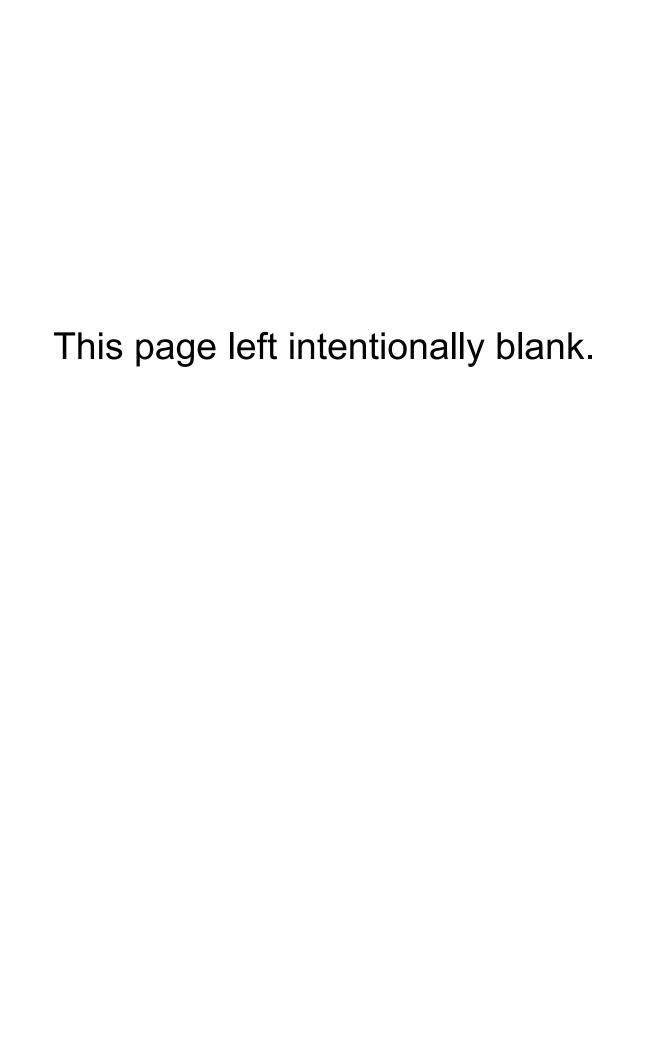
Furthermore, many local workers would be prevented from working on this project. Contractors would be limited from using their Core Workforce and as such local construction professionals would be kept off the job.

Bottom line, PLAs increase costs, prevent local non-union companies from bidding on projects, and reduce competition. You can learn more about PLAs at thetruthaboutplas.com. I strongly urge your Board to reject the use of PLAs.

Best regards,

Don Schimnowski

J. Noble Binns Plumbing Co., Inc.





July 16, 2019

Ms .Eileen Shields Michael K. Nunley and Associates 530 Paulding Circle Arroyo Grande, CA 93420

Subject:

Response to Construction Management Services as Part of the Proposed Community Workforce

Agreement

Dear Ms. Shields:

We have received Addendum No. 2 for the South San Luis Obispo County Sewer District (District) Redundancy Project Construction Management Request for Qualifications (RFQ). As part of that Addendum, prospective bidders were notified of the Board's direction to staff to include Construction Management staff, specifically inspectors and material testers in the draft Community Workforce Agreement (CWA). Upon review of the draft CWA documentation, it is stated construction inspectors and materials testing inspectors are to comply with the local requirements of the CWA.

We understand the District is in receipt of a letter provided by Earth Systems, a primary materials testing firm in San Luis Obispo County who would have been our proposed materials testing firm. That letter is attached here for your reference, but in summary states Earth Systems will not perform work under a CWA as the requirements to utilize workers who are not trained and certified by Earth Systems would compromise their "ability to provide our customary level of high quality service."

Carollo Engineers, Inc. understands Earth Systems' position and has a similar opinion. As the selection of a Construction Management (CM) firm is largely based on performance, reputation, and recommendations, it is inconsistent to require a firm to utilize inspectors not selected and trained by said firm. We at Carollo pride ourselves on our reputation as the top water/wastewater-only firm in the industry, and by requiring your CM firm to draw inspectors from an outside pool, you are compromising our ability to ensure the staff provided for the Redundancy Project meets the claims we have made in our Statement of Qualifications.

We understand the intent of the CWA is to encourage engagement of local workers and support that aim, especially pertaining to the large number of craft workers necessary to construct this project. However, the District is entitled to the level of service represented by their selected consultant. Carollo does not believe we can stand behind our service commitment if required to utilize unknown staff. A proper CM team is managed through trust, and it is imperative that team members trust each other to maximize their performance. By using unknown workers, this trust level is lowered, which can lower the performance of the entire team. In addition, our fee rates for inspectors will increase to cover the cost to pay into the appropriate pensions.

Carollo has an established presence in San Luis Obispo County. In addition to our decades of work on the Central Coast, we are currently the Construction Manager for the City of San Luis Obispo Water Resource Recovery Facility Project and the Program Manager and Construction Manager for the City of Morro Bay's Water Reclamation Facility Project. In addition, our partner Mimiaga Engineering Group is an established, local firm that will be utilizing their staff residing in and around San Luis Obispo County at both the City of Morro Bay and the District's Redundancy Project, if selected.



Ms. Eileen ShieldsMs .Eileen Shields Michael K. Nunley and Associates July 16, 2019

Page 2

Carollo Engineers, Inc. strongly recommends the Board reconsider its direction to include CM services as part of the anticipated CWA.

Should you have any questions, please do not hesitate to contact us.

Sincerely,

CAROLLO ENGINEERS, INC.

Michael Warriner Senior Vice President

Construction Management Operations Manager

MW:ec



SHARING YOUR VISION. BUILDING SUCCESS.

July 17, 2019

South San Luis Obispo Sanitation District Post Office Box 339 Oceano, California 93475-0339

RE: Opposition to Project Labor Agreements

Dear Board of Directors:

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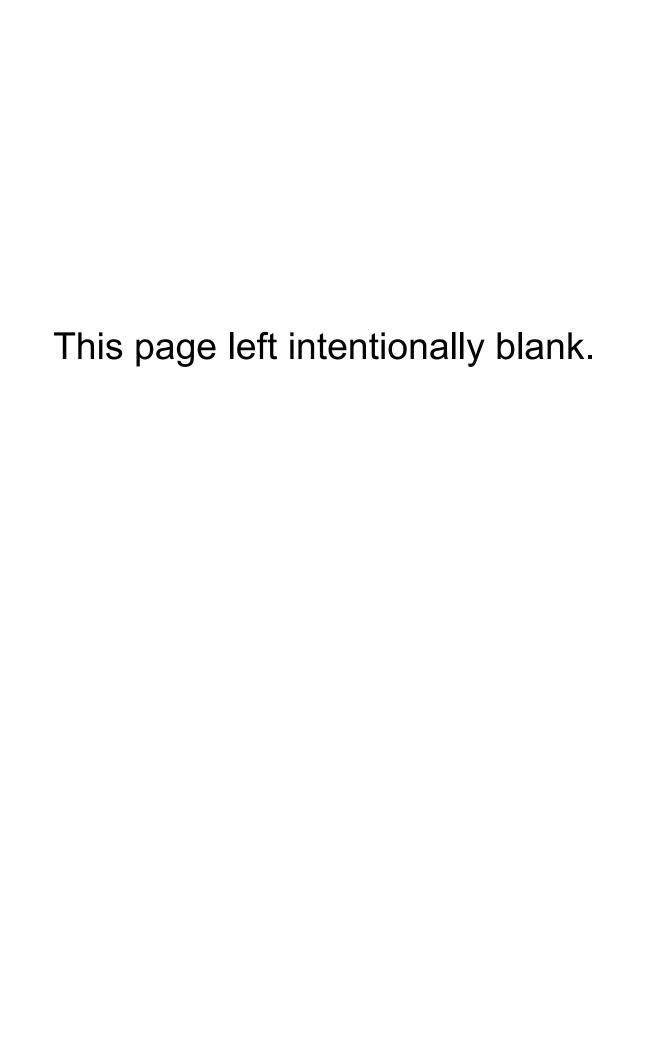
Bottom line, PLA's increase costs, prevent local non-union companies from bidding on projects, and reduce competition. You can learn more about PLA's at thetruthaboutplas.com. I strongly urge your Board to reject the use of PLA's.

Best regards,

Joseph Carrieri

President and General Manager

Telephone: (661) 832-3995 ♦ Fax: (661) 832-3412 ♦ Website: www.pcl.com



Jeremy Ghent

From: Lee Cushman <lee@cushmancontracting.com>

Sent: Tuesday, July 16, 2019 12:49 PM

To: jlee@groverbeach.org; crayrussom@arroyogrande.org; hguiton@aol.com

Cc: nwilson@thetribunenews.com; sfinucane@thetribunenews.com;

tips@calcoastnews.com; news@kcbx.org; Jeremy Ghent; Mychal Jones

Subject: Represent your Constituent's (Not BIG LABOR)

Attachments: doc02223520190716103301.pdf

South San Luis Obispo County Sanitation District Board Members,

Please find attached Bid Results from Projects on the Central Coast similar in nature to the Project in which you are considering instituting a PLA (Union workers only). Note that the overwhelming majority of Tradespeople performing work on these projects choose to work for open shop contractors (non-union). Currently all Public Works Contractors are required to pay tradespeople the same hourly rate as determined by the State DIR. PLA's Force all tradespeople to be union members this is discriminatory

PLAs discriminate against union-free tradespeople by requiring them to pay union dues and fees which support political and moral issues with which they disagree. In addition the pension portion of their hourly wage (\$10-15) is required to be deposited into the union retirement trusts where the vesting period is 3-5 years. What this means is that the tradesperson who works outside of the Union will be punished and will never recover these pension monies. This is wage theft! PLAs also require union-free tradespeople to have all of their health insurance portion of their hourly wage (\$8-12) to be deposited into the union health trust fund thereby causing them to have lapses in their coverage or to be dropped all together by their State Certified current plans. The Unions will not return the monies to the employees instead they keep it to fund the underfunded union health plan. Again stealing monies from the employees.

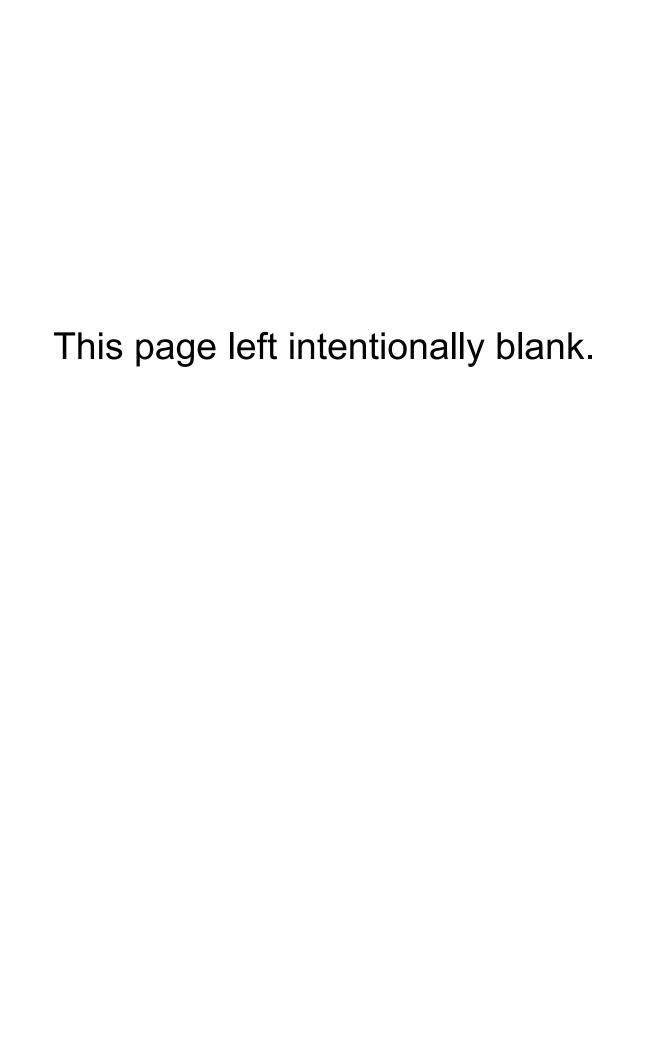
Union-free contractors are discriminated against as they are not allowed to bring all their employees on to the project because the union retains the right to dispatch all workers from the union hiring hall.

We are a local family contractor who employs 47 individuals. Our employees have made a choice to work for with us in a union-free environment in which they receive full hourly benefits in addition to Bonuses and Profit Sharing contributions. Our company has built numerous projects on the Central Coast over the past 50 years. and our employees live locally. But because of the discriminatory provisions contained in PLAs We will not bid any PLA job and subject our employees to these unfair conditions.

Many other local construction firms will not bid this work for the same reason. This will reduce the number of Bidders on City projects and increase the cost. Throw in the cost just to "negotiate" this PLA, estimated by to be \$300,000-450,000, and one is left asking why something this divisive is being considered at all.

A PLA excludes local tradespeople and contractors from participating in the work and costs the taxpayers of SLO County. For these reasons it should be rejected outright.

Lee Cushman Cushman Contracting Corporation P.O. Box 147 Goleta, CA 93116-0147 (805) 964-8661



Jeremy Ghent

From: ericchristen <ericdchristen@gmail.com>
Sent: Wednesday, July 17, 2019 1:08 PM

To: Jeremy Ghent

Cc: nwilson@thetribunenews.com; sfinucane@thetribunenews.com;

tips@calcoastnews.com; news@kcbx.org; Mychal Jones; jlee@groverbeach.org;

crayrussom@arroyogrande.org; hquiton@aol.com; Mychal Jones

Subject: [JUNK]Your PLA Will Invite Legal Action: Local Hire Provision of PLA Violates Federal

Statute

Importance: High

Mr. Ghent,

We have discovered that you are "pursuing" a Federal loan/grant: https://sslocsd.org/wp-content/uploads/bsk-pdf-manager/2019/05/Redundancy-CM-Pre-SOQ-Mtg-051419.pdf

Director Austin asked about previous budgets and about USDA funding.

Administrator Ghent responded that USDA has indicated that they will fund Oceano's portion of the project.

Project via a combination of a) pay-as-you-go cash funding, b) wastewater revenue bonds, and c) a subsidized, low- interest rate 40-year USDA loan that is expected to fund approximately 18.7% of the project cost based on Oceano's percentage of the total population served by SSLOCSD. The USDA funding program will likely require the District to provide interim, short-term financing for the USDA share of project costs. After project completion, USDA would take out and refinance the interim financing with a 40-year bond. Ultimately, combined annual debt service on the wastewater revenue bonds and USDA loan is projected to total approximately \$1,125,000 per year, which is \$130,000 higher than the SRF debt projections from the prior rate study.

https://sslocsd.org/wp-content/uploads/bsk-pdf-manager/2019/04/BOARD-PACKET-FOR-MAY-01-2019-1.pdf

There may be other Federal funds you are pursuing as well.

Please be advised that we have a letter ready to go to the USDA if you proceed with the PLA.

What would this be based on?

Article 4.5.2 of your PLA states that "[a] goal of at least 30% of all of the construction labor hours worked on the Project shall be from Local Area Residents, with first priority referrals on all Contractor requests given to available Local Area Residents, in ascending order of tier, regardless of attainment of goals."

Federal regulations, however, prohibit the "local hire" requirements as 2 C.F.R. 200.319(b) provides that: "The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical references in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference." In our legal council's opinion, applying the proposed PLA to the Redundancy Project would render it ineligible to receive Federal funding.

Evidence of an entity protecting themselves from this possibility includes the City of Berkley which exempted a project from its city-wide PLA that was set to receive Federal funds:

"Adopt a Resolution exempting the James Kenney Seismic Retrofit Project, from the City's Community Workforce Agreement requirements in order to use a federal FEMA grant award of \$727,499.

Pursuant to Council Resolution No. 67,111-N.S., the City's Community Workforce Agreement (CWA) would apply to all City construction projects estimated to exceed \$500,000. However, federal regulations prohibit the "local hire" requirements contained in the City's current CWA, and The Alameda County Building and Construction Trades Council has been advised of this. As a result, Council is being asked to exempt the James Kenney Seismic Retrofit Project from the City's Community Workforce Agreement requirements in order to use a federal FEMA grant award of \$727,499."

 $http://records.cityofberkeley.info/Agenda/Documents/ViewDocument/5_24_2016\%3B\%20CLK\%20-\\ \%20Report\%20(Public)\%3B\%20PARKS\%20RECREATION\%20AND\%20WATERFRONT\%3B\%20\%3B\%20REG.pdf?meetingld=185\&documentType=Agenda\&itemId=2174\&publishId=4970\&isSection=false$

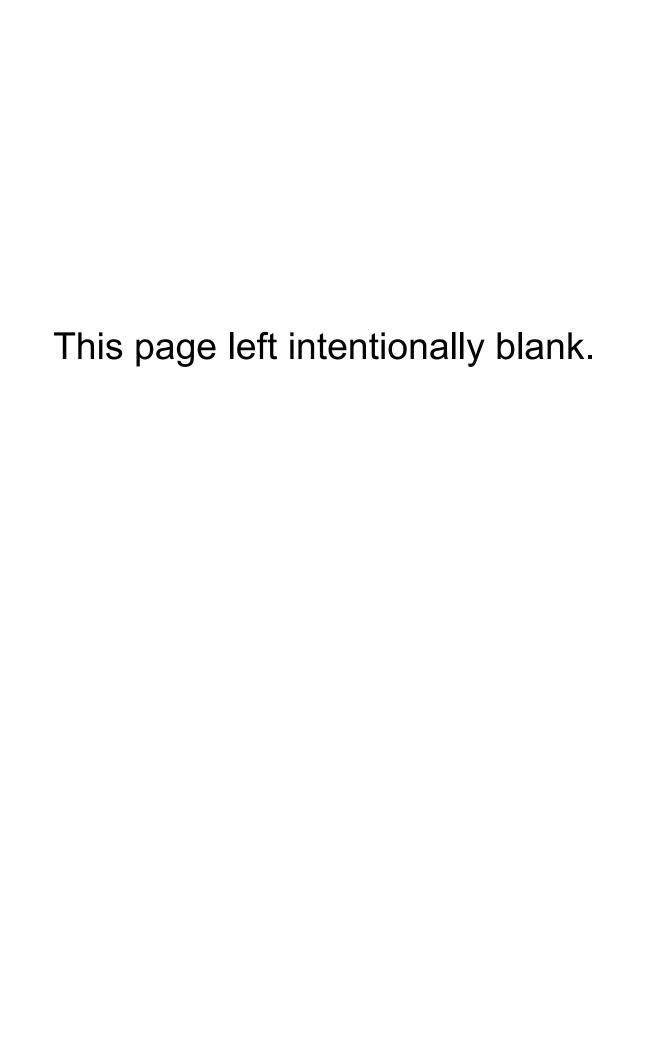
CFEC strongly encourages the District not to jeopardize Federal funding for this project.

Eric Christen

Executive Director

Coalition for Fair Employment in Construction

www.opencompca.com http://www.opencompca.com





July 17, 2019

Mayor Caren Ray Russom 300 E. Branch St. Arroyo Grande, CA 93420

RE: Opposition to Project Labor Agreements

I am writing regarding the item on Project Labor Agreements (PLA's) on the District Board agenda July 17, 2019. As a contractor who would be discouraged from submitting a proposal to your Board if a PLA is enacted, I am **strongly opposed to PLA's and urge you to vote NO on this item.**

PLAs discriminate against 83% of the California construction workforce that are non-union, including my company. PLAs prevent local non-union contractors from working on local projects.

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Bottom line, PLA's increase costs, prevent local non-union companies from bidding on projects, and reduce competition. You can learn more about PLA's at thetruthaboutplas.com. I strongly urge your Board to reject the use of PLA's.

Best regards,

Doug Craghead, President



July 17, 2019

Mayor Jeff Lee City of Grover Beach 154 S. Eighth St. Grover Beach, CA 93433

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Jeremy Ghent

From: ericchristen <ericdchristen@gmail.com>
Sent: Wednesday, July 17, 2019 11:48 AM

To: jlee@groverbeach.org; crayrussom@arroyogrande.org; hguiton@aol.com

Cc: nwilson@thetribunenews.com; sfinucane@thetribunenews.com;

tips@calcoastnews.com; news@kcbx.org; Jeremy Ghent; Mychal Jones

Subject: Questions About Your PLA that Demand Answers



South San Luis Obispo County Sanitation District Board Members,

After reviewing the staff report for tonight's meeting there are many concerns that need to be addressed by the Board regarding the origin and nature of the Project Labor Agreement that is being rushed through with no public input and that was secretly negotiated behind closed doors.

I. Here is the "Background" staff provides that explains how the Board got to this point so suddenly. My comments are in red:

BACKGROUND:

At the May 1st, 2019 District Board meeting staff was directed to pursue adoption of a CWA for implementing construction of the Redundancy Project. Staff was directed to utilize the recent CWA adopted by the City of San Luis Obispo as a template in order to shorten the effort and timeframe. The District Administrator, District Legal Counsel, and the District's special counsel worked with the trade's consultant Virtus on initial drafts and provided an update at the May 15th, 2019 Board meeting. CWA negotiations continued, and both parties agreed to a variety of modifications presented by both sides. However, there remained language that the parties could not reach final resolution on.

Where did the idea come from at the May 1st Board Meeting to radically change the way you conduct business and to consider the use of a PLA? Which Director? Why was direction given to immediately begin "negotiating" the PLA with big labor special interests, special interests who will directly benefit from the PLA, while no input was sought from those who oppose PLAs? In your County you have multiple organizations and contractors who have expressed opposition to PLAs over the years and yet NONE of these were included in this process. Why not? How much time and money have been spent "negotiating" this PLA to date? What "modifications" were made to the PLA? PLAs are standard, boilerplate "agreements" that big labor special interests hand to entities and tell them to sign. The key discriminatory provisions are always the same.

Here is what staff says was changed from the SLO PLA:

The Draft CWA is attached for your consideration. It is largely based on the San Luis Obispo CWA, with project-, location-, and Owner-specific information adjusted. Additional differences include the following:

1. Indemnification language for the Union and the Contractor to defend and hold harmless the District against any claims or legal proceedings brought against the District arising out of the performance of the CWA. (Sections 19.10 and 19.11)

2. Inclusion of "Building/Construction Inspector and Field Soils and Materials Testers under a professional services agreement of a construction contract" (whether it be under the construction management team or directly contracted with the District) as being bound to all applicable requirements of the CWA. (Section 3.3.4)

That's it. That is all you were able to get the unions to change. Remarkable. So the agreement is essentially the same as the SLO PLA (because all PLAs are the same) so your time and costs went for nothing. The 4 discriminatory provisions of the PLA, the heart of any PLA, remain identical. They are:

- 1. Article 4.3.4: All union-free contractors are limited to using THREE of their own employees. THREE! Why? Why should a merit shop contractor be forced to put his local workforce in the unemployment line and be forced to work with unionized workers, many of whom will be from outside the area (unions represent less than 15% of construction workers in SLO County) that the contractor has no relationship with. Do you understand why half of your previous bidders have told your staff they would not bid a PLA?
- 2. Article 4.9: This states that no employee covered by this Agreement shall be required to join any Union as a condition of being employed BUT the non-union employees "shall be required to comply with the union security provisions of the applicable MLA, for the period during which they are performing onsite Project Work to the extent, as permitted by law, of rendering payment of an amount equal to the applicable monthly window and working dues uniformly required as, at a minimum, representation fees to the Union." So they don't have to join the union they just have to pay the dues and fees, which means \$1000 is taken out of the non-union workers paycheck despite the fact they aren't union and have no desire to be. That's a distinction without a difference. Question: Why is this part of any "agreement"? If the workers wanted to be union they'd be union. Why are you, people with no construction experience, forcing a union-free worker to pay these monies?
- 3. Article 6.2.1: All union-free workers must pay into union health, welfare and pension plans. These plans take years to vest in so this money, over \$20 per hour, is stolen from the workers. Does the Board support wage theft? Why are you taking money from a worker and their family? This is prevailing wage work. These workers already have these benefits arranged with thier employer. Why are you interfering with the employer and employees agreed to contract? Did any of the Board even try and have this egregious provision removed from the PLA?
- 4. Article 14.1: Non-union apprentices are explicitly excluded from working on this project. So here you are telling local young men and women, who are working to gain the experience needed to make a great living in thee trades, you are telling them that they are second class citizens because they aren't in the apprentice program unions run. Really? Again, was any effort made to remove this hideous provision or is the Board now also in the business of openly discriminating against people based on their group affiliation?

Again all of these provisions are exactly the same as the SLO PLA.

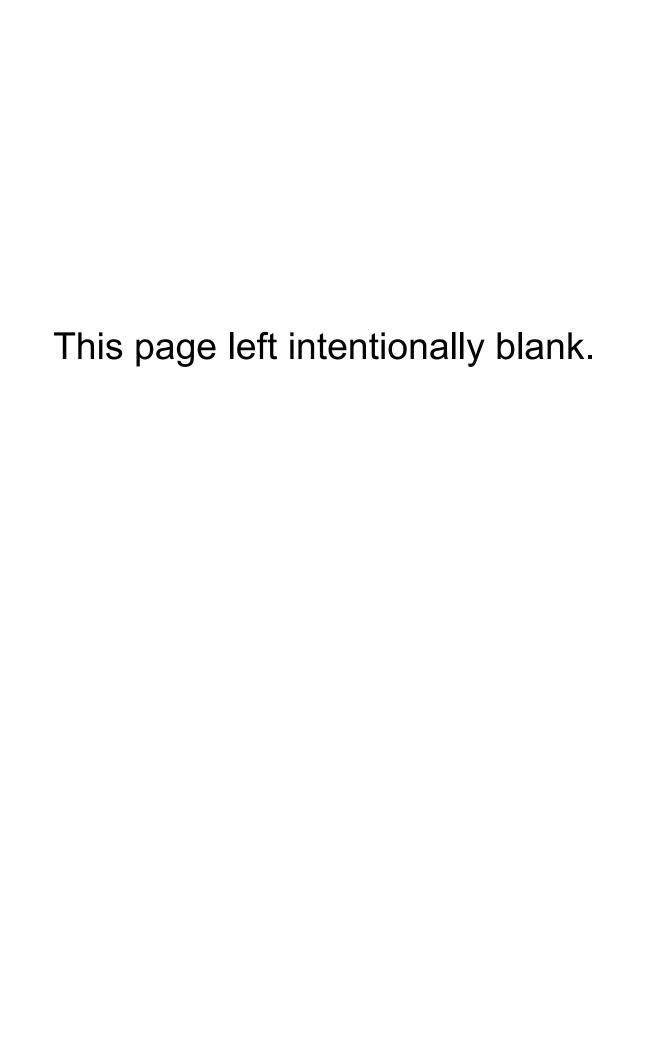
Other questions that demand answers:

- II. "Local hire" is the excuse being used to justify the blatant discrimination listed above. What are your current local hire numbers? What do you define as "local hire" Is what the unions define as "local" really "local"? They set a "goal" of 30% "local hire". What are the consequences if this goal is not hit? Is 30% something you already achieve? Would a PLA make it easier or harder hire locally? This is an excellent question for staff to be asked!
- III. How much will it cost simply to hire the PLA Coordinator?
- IV. How many entities-who have both used and rejected PLAs-been contacted for their input on the issue since this idea was first made public in May?
- V. How may contractors who have previously bid your work told you they would not bid a PLA covered project? How much do you anticipate this impacting the costs?

You are being taken for a ride here by big labor special interests. Ratepayers, customers and workers deserve to be heard equally.

This "process" is not how a responsible entity conducts business.

Eric Christen
Executive Director
Coalition for Fair Employment in Construction
www.opencompca.com





July 16, 2019

Dear Mayor & Councilmembers:

I'm am President of Rarig Construction Inc. a California construction company that has worked on projects for your city.

Rarig Construction Inc has been in business on the Central Coast for over forty-five years. We employ about 35 local workers and specialize in steel construction and metal building projects.

My company does not bid or work on construction contracts that require businesses to sign Project Labor Agreements or similar agreements with labor unions. Our workers can go to the unions at any time and ask to be dispatched to a job with a unionized company. They choose to work for us.

A Project Labor Agreement means our employees lose their jobs to workers dispatched through the union hiring hall system. It means we as an employer would be required to pay health and retirement benefits to union-affiliated trust funds instead of our employees' own benefit plans. When we do this the few employees we are allowed to employ under a PLA lose these monies because of the long vesting periods required by unions. In most cases these vesting periods are 5 years! This is wage theft.

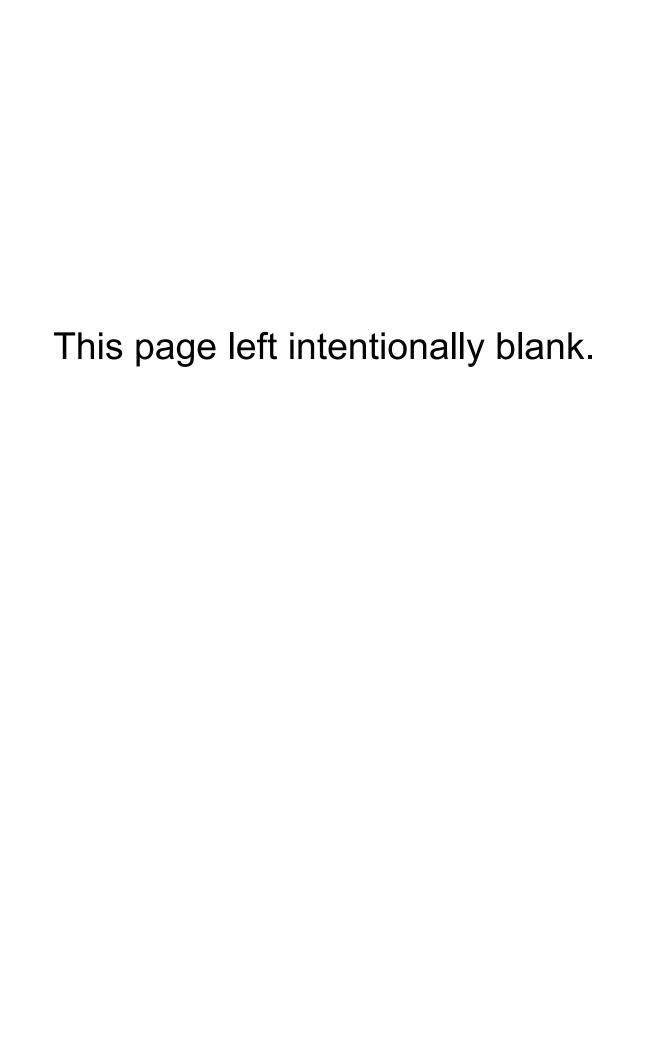
Rarig Construction Inc. offers health insurance, dental insurance, profit sharing and other employee benefits and has a safety program and apprentice training program tailored to young workers wanting to join the steel and sheet metal construction Industry. Many of our employees have been with us for over twenty years.

It's not the business of government to force private companies and their employees into specific arrangements for labor relations. Nor it is proper to require companies to make benefit payments on behalf of their employees to specifically designated alternative programs. Unless workers stay with the unions for a long period of time, they never benefit from those payments. It is also not the business of government to tell me who I can and cannot employ.

Your Project Labor Agreements with unions are favoritism for a special interest group and they disfavor Rarig Construction Inc., a company that has produced excellent quality work for you. Please reject this attempt by big labor special interests to gain a monopoly on taxpayer funded projects. Instead we ask you to maintain the level playing field you currently employ where those who are awarded the bids are the lowest, responsible bidder.

Sing Ray Steve Rarig, President

Rarig Construction Inc.





P.O. Box 2470 ~ Atascadero, Ca 93423 Phone 805-610-1256 ~ Fax 805-243-0442 ~ Email Aaron@millsconstructioninc.com

July 17, 2019

RE: Opposition to Project Labor Agreements

Dear Board of Directors:

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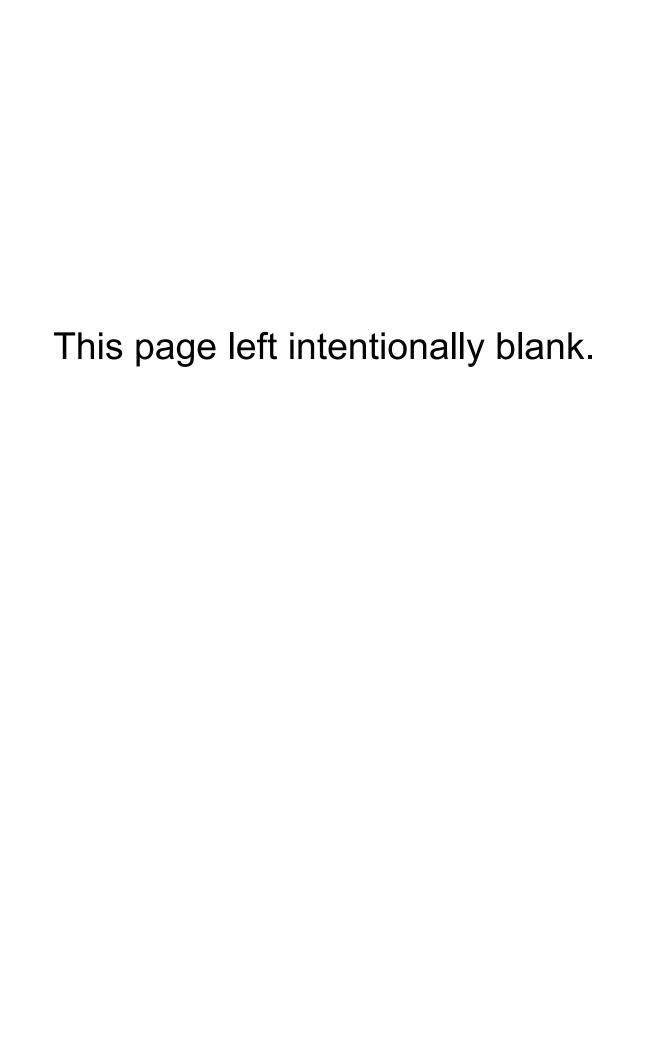
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Furthermore, many local workers would be prevented from working on this project. Contractors would be limited from using their Core Workforce and as such local construction professionals would be kept off the job.

Bottom line, PLAs increase costs, prevent local non-union companies from bidding on projects, and reduce competition. You can learn more about PLAs at thetruthaboutplas.com. I strongly urge your Board to reject the use of PLAs.

Best regards, Aaron Mills





"Advancing, Serving and Supporting the Building and Construction Industry Since 1949"

Wednesday, July 17, 2019

South San Luis Obispo Sanitation District Post Office Box 339 Oceano, California 93475-0339

RE: Opposition to Project Labor Agreements

Dear Board of Directors,

I am writing regarding the item on Project Labor Agreements (PLA's) on the District Board agenda July 17, 2019. I represent 500 local Firms of Licensed Contractors throughout San Luis Obispo County and our Organization is opposed to PLA's because, they prevent local hire, they eliminate competition and they are highly discriminatory and lead to higher cost.

PLAs discriminate against 83% of the California construction workforce that are non-union, including 98% of our members. PLAs prevent local non-union contractors from working on local projects and as you already know **the locals will not bid** on a project with a PLA /CWA tied into it. This leads to less competition and higher prices for the taxpayers. In fact, many studies have shown that PLAs raise the cost of a project by 13-15%. It is your fiduciary responsibility to spend taxpayer's money wisely not waste it.

These discriminatory agreements have four things in common:

- 1. Prevents other Apprenticeship programs from dispatching apprentices to the worksite, even if the contractor is already affiliated with an Apprenticeship program.
- 2. Require contractors to run all labor through the union hall and prevent a contractor from using his core workforce.
- **3.** When a non-union contractor is required to use union labor, it forces the contractor to invite workers onto the job site that may not be familiar with the contractor's safety protocols and processes.
- **4.** Require contractors to pay into union health and retirement plans for non-union workers. This means the contractor is often paying double the health benefits and retirement contributions, and the employee will lose \$20.00 an hour from their paychecks that is \$800.00 a week and will never get their money back or benefit from the benefits under the union.

SLO County Builders Exchange is the voice of the local contractor. We not only represent them but the 1000's of local employees that they employ. We strongly opposed PLA's and urge you to vote NO on this item. Let's work together and

really ensure local hire.

Cordelia Perry,

Respectfully,

Executive Director

SLO County Builders Exchange