

Influx of bond money reignites debate over project labor agreements

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By Tom Chorneau
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With decisions now being made on how to use more than \$1 billion in state funding for school construction, debate over the use of 'project labor agreements' has once again broken out between trade groups and district administrators.

PLA's, as they are known in the building industry, are strongly backed by the building trade unions, and often predetermine issues related to construction management on projects before work on a project begins. Labor advocates say PLAs are aimed at resolving disputes between labor and management at the outset of a given project.

PLAs typically cover such issues as work schedules and dispute resolution procedures, as well as wages and benefits, and are separate from the contract the project owner would have with the construction company.

Labor supports the use of the agreements; project owners aren't always as enthusiastic.

The latest attention is also tied to a letter that state schools chief Tom Torlakson issued in September touting the use of project labor agreements, which also cast doubt on the conclusions of a study from the National University System Institute for Policy Research that found the agreements add costs to school projects.

The study, (See *Cabinet Report*, July 25, 2011), found the agreements added up 15 percent more in construction costs than the traditional bidder process.

Torlakson cited findings of follow-up study out of the University of California, Los Angeles Labor Center that criticized the National University analysis. Management groups countered with findings by USC researchers who pointed to flaws in the Labor Center's conclusions.

More recently, the presidents of the California Association of School Business Officials and the Association of California School Administrators issued a response in December, warning that use of the labor agreements can drive up costs and standing behind the original study. The group's communications offer links to findings on both sides of the argument and suggests that administrators consider the various viewpoints before embracing the PLA approach.

The question is pending before local officials including county supervisors, city councils and school boards.

This month, the members of the Los Angeles County Metropolitan Transportation Authority adopted a modified project labor agreement that will govern upcoming transit projects. San Diego city officials have been considering such an arrangement, and the issue also is pending before Ventura County supervisors.

Public works experts are largely split over the use of the agreements, saying they are sometimes effective and sometimes not.

Jeff Vincent, deputy director of the Center for Cities & Schools at the University of California, Berkeley, who studies school facility issues, said that comparing school construction costs on any level is very difficult.

“Individual schools are very different not just in size and shape but also in terms of such things as topography and the local labor market,” he explained. “It is very difficult to get good data on school construction and thus hard to tell exactly what impact something like a PLA might have.”

Torlakson said in his letter and related press release last fall that the labor agreements are a “valuable tool” for helping local educational agencies “complete quality projects on time, reduce maintenance costs, assure worker safety, and maximize local job creation.”

In a joint letter to school districts, Alice Petrossian, president of ACSA, and Gary Matsumoto, president of CASBO, argued that they believe the findings out of the National University have merit.

“While we know that PLAs have been helpful in certain circumstances and may even be justified by some districts despite potential increased costs, they are not always the right answer and have some definite drawbacks,” the letter said. “Our advice to LEAs as they approach school construction planning is to be cautious of PLAs as a universally accepted solution and to review all the research as part of the normal due diligence process.”