

**MOTION BY SUPERVISORS MARK RIDLEY-THOMAS AND
JANICE HAHN**

MARCH 21, 2017

Local Hire and Business Assistance Requirements for Major Capital Projects

On May 24, 2011, the Board of Supervisors (Board) approved a Project Labor Agreement (PLA) for the Martin Luther King, Jr. (MLK) Outpatient Center as a pilot project to demonstrate the efficacy of such agreements in meeting Board local worker hiring and small business assistance policies. Completed in 2014, the PLA for the \$172 million MLK Outpatient Center required that at least 30% of the total construction hours be performed by workers that reside within a five mile radius of the project or reside in ZIP Codes experiencing 150% of the average rate of unemployment for the County of Los Angeles (County). One third of the local worker hours or ten percent of the total hours were required to be performed by workers facing barriers to employment. For small business enterprises, the design-build contractor was contractually obligated to a utilization rate of 38%.

The MLK Outpatient Center project was completed on time and on budget, and exceeded the local hire and small business assistance goals for the project. The project achieved 51% utilization for local worker participation, 19% for disadvantaged workers, and 43% for small business utilization. Given the success of the pilot project, a similar approach should be followed as the County proceeds with near-term jail and medical campus projects.

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PLAs are an effective tool for achieving public policy objectives on public works projects and private developments that receive public assistance. A PLA is a pre-hire collective bargaining agreement with one or more labor organizations that establishes the terms and conditions of employment for a specific project. PLAs may include provisions for targeted hiring, apprenticeship ratios and other requirements that further public policy objectives with the goal of re-injecting tax revenue back into local communities.

Over the next ten years, the County will undertake a significant effort to address its capital infrastructure needs. Major projects in the County pipeline include the approximate \$2.1 to \$2.2 billion Consolidated Correctional Treatment Facility; \$1.6 to \$2.6 billion Harbor-UCLA Medical Campus Master Plan Project; \$173 to \$208 million King-Drew Reuse Project (Phase 1); and the approximately \$123 million Mira Loma Detention Center Project. This unprecedented investment by the County presents a unique opportunity for advancing the County's economic development priorities.

The Board has adopted policies governing the expenditure of County resources that maximize opportunities for employment by local residents and support small and local businesses participation. On July 12, 2016, the Board adopted a Small Business, Disabled Veteran-Owned Business and Social Enterprise Utilization Plan with a procurement goal of 25% for certified Local Small Business Enterprises and 3% for Disabled Veteran Business Enterprises.

On September 6, 2016, the Board adopted a Local and Targeted Worker Hire Policy that requires County capital and economic development projects with a project budget greater than \$2.5 million to achieve a local worker hire goal of 30% and a 10% goal for workers facing barriers to employment.

The more than \$3.9 to \$5.1 billion in County capital projects planned for the next ten years presents a unique opportunity to implement the goals set forth in Board adopted policies for local hire and small business assistance. The success of the MLK

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Outpatient Center project demonstrated the value of PLA's in achieving Board priorities and affirms its application to future County major capital projects. Expanding the successful pilot PLA experience from the MLK Outpatient Center to other County major capital projects will expand institutional capacity and the experience needed to ensure that future projects achieve outstanding results.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Chief Executive Officer (CEO), in consultation with County Counsel and the Directors of Public Works (DPW), Workforce Development, Aging and Community Services (WDACS), and Consumer and Business Affairs (DCBA), to engage representatives of the various building trades on the terms for a possible Project Labor Agreement (PLA) for major capital projects including the Consolidated Correctional Treatment Facility, Harbor-UCLA Medical Center Master Plan Project, King-Drew Reuse Project (MLK Medical Campus), and Mira Loma Detention Center. The PLA shall incorporate the hiring goals established by the County of Los Angeles (County) Countywide Local and Targeted Worker Hire Policy, and requirements for business participation consistent with the County Small Business, Disabled Veteran-Owned Business and Social Enterprise Utilization Plan; and
2. Direct the CEO to report back in writing to the Board of Supervisors no later than May 16, 2017, on the results of discussions with labor representatives and with recommendations on the terms and conditions of a PLA for major capital projects.

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