

## EXTERNAL CORRESPONDENCE

The City Clerk's Office received  
the attached correspondence regarding  
**Agenda Item #6-B on the  
12-03-13 City Council Agenda**



Northern California  
Chapter

December 3, 2013

Mayor Gilmore  
City of Alameda  
2263 Santa Clara Avenue  
Alameda CA 94501

Re: Agenda Item 6-B Oppose: Adoption of Resolution Regarding Project Stabilization Agreement Policy at Alameda Point

Dear Mayor Gilmore:

Associated Builders and Contractors (ABC NorCal) Northern California is a non-profit construction trade association of 490 members representing 22,000 workers. Many of our contractor members are located in Alameda County and have performed work for the City of Alameda. Our members range from some of the largest construction companies in the Bay Area to small businesses with five or fewer employees. Most ABC NorCal members perform commercial, industrial, and public works construction. ABC also operates apprenticeship programs approved by the State in several trades.

Tonight the City Council will take action on Agenda Item 6-B: Adoption of Resolution Regarding Project Stabilization Agreement Policy at Alameda Point.

ABC supports fair and open competition and increasing opportunities for all workers regardless of their affiliation. Before you make any decision to limit competition and increase costs for Alameda Point construction, please consider the following impacts due to the Project Stabilization Agreement:

Project Stabilization Agreements (PSAs) end open, fair and competitive bidding on public work projects, denying the vast majority of local contractors and small business owners the opportunity to bid on work. Several studies indicate that projects cost 10-20% when built under a Project Stabilization Agreement.

According to the December 3 City of Berkeley staff report, its three year Community Workforce Agreement (CWA), another name for Project Stabilization Agreement, has not met its goals since implementation in January 2011 and has a recommendation on the table for the CWA to expire. Some of the findings are below:

Staffing costs of \$61,000 have exceeded implementation fees received of \$12,446.

Out of 1,322 workers hired on Berkeley's CWA-covered projects, 19 (1%) were Berkeley residents, 273 (21%) were East Bay Green Corridor residents; and 55 (12%) were Alameda County residents.

Public Works staff learned the following from non-bidding general contractors regarding their decision not to bid on the Civic Center project: The contractors cited multiple factors, including their concern that the CWA is restrictive and could result in subcontractors adding 20% to their costs to comply with the CWA.

Smaller and medium sized companies do not have the staffing capacity to manage the compliance requirements of a CWA.

At the pre-bid meetings, subcontractors repeatedly raised concerns about the CWA's requirements regarding "core" workers. The core worker is required to register with the union hall, and the contractor is required to pay into the union trust fund according to fees set by each trade's Schedule A (master union agreement). At the pre-bid meetings, subcontractors report that they already provide benefits to their employees and are therefore concerned about contributing to the union benefits as well. The subcontractors have also expressed concern during the pre-bid meetings that they must displace a core worker to comply with the local hire requirement. In addition, the CWA applies to any subcontractor at any tier. Subcontractors express concern that even if their subcontract involves minimal and/or specialized work, they may have to displace the one or two workers that would normally be assigned to work on the project, which seems like a disproportionate impact to them.

Three Berkeley-based businesses have participated in CWA-covered projects to date: one general contractor and two small businesses.

With government budgets stretched to the breaking point and essential services being cut, it is critical that taxpayers get the best quality work at the best price for the best value.

We urge you to vote no on Agenda Item 6-B and abandon the Project Stabilization Agreement in its entirety and look for solutions that will benefit the community in its entirety. Please include our opposition letter in the 12/3 City Council meeting minutes.

Sincerely,



Nicole Goehring  
Government Affairs Director

Cc: John A. Russo, City Manager  
Vice Mayor Marilyn Ezzy Ashcraft  
Councilmember Lena Tam  
Councilmember Stewart G. Chen  
Councilmember Tony Daysog

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