



4.2

DEPARTMENT OF
UTILITIES

ENGINEERING SERVICES

CITY OF SACRAMENTO
CALIFORNIA
APPROVED
BY THE CITY COUNCIL

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FEB 17 1998

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OFFICE OF THE
CITY CLERK

AG 98-006

February 12, 1998

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: SUMP 2 IMPROVEMENTS PROJECT: (PN XM24): AUTHORIZATION TO UTILIZE
A PROJECT LABOR AGREEMENT**

LOCATION AND COUNCIL DISTRICT:

The project is located at Sump 2, 3500 Riverside Boulevard in District 4 (see attached map).

RECOMMENDATION:

Staff recommends that the City Council adopt the attached resolution which authorizes the Mayor and City Clerk to execute the attached Project Labor Agreement for the Sump 2 Improvements project.

CONTACT PERSON: Gary A. Reents, Engineering Services Manager, 433-6633
Rick Batha, Senior Engineer, 433-6625

FOR COUNCIL MEETING OF: February 17, 1998

SUMMARY

Staff has negotiated a Project Labor Agreement (PLA) with local labor unions. Authorization to implement the PLA is requested.

COMMITTEE/COMMISSION ACTION:

None.

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BACKGROUND INFORMATION

The Sump 2 Improvements project is a cornerstone of the City's Combined System Improvement Program which resulted in the rescission of the Cease and Desist Order in the Combined Sewer System. Over the past two years and with City Council approval, staff has taken steps to select a design consultant and obtain a low interest loan through the State Revolving Fund in order to implement this project. The design is complete; plans and specifications have been issued for bidding; and a loan commitment for the project costs has been secured.

On December 16, 1997, City Council authorized the suspension of competitive bidding and prequalification of bidders in order to ensure that a contractor with sufficient experience in large, complex projects is selected. As a result, staff implemented a prequalification process and identified four (4) contractors who are qualified to bid and construct the project.

On January 20, 1998, the City Council adopted Resolution 98-020 which directed staff to enter into negotiations with local unions in order to agree upon the terms of a PLA for the Sump 2 Improvements project. In addition, Council determined that the schedule is paramount and must not be affected by the effort required to negotiate the PLA. It was presumed that the PLA could not be negotiated in time to avoid slippage of the schedule, so staff's approach was to draft an addendum outlining the general terms of the PLA for inclusion in the construction contract. If the PLA could not be completed by the scheduled award time, the PLA would be dropped from the contract. Upon discussion, the prequalified bidders and staff determined it preferable to obtain the PLA in its entirety for bidding purposes rather than providing the bidders with general terms which may be changed during later negotiations. Staff then met with union representatives over the next three weeks and completed negotiations.

Key elements of the PLA include:

- ◆ Prohibition of work stoppages and lockouts
- ◆ Expedited grievance procedures for resolution of labor problems and jurisdictional disputes between labor unions
- ◆ Requirement that all workers covered by the agreement maintain membership in the union for the appropriate craft for the duration of the project
- ◆ Requires employers to utilize local union hall referral procedures for project labor with the exception that non-union contractors may continue to utilize their regular work force
- ◆ Standardizes working hours, shifts, wages, and fringe benefits for workers

If approved by Council, the Contractor and all subcontractors will be required to adhere to the terms of the PLA.

The time required to complete negotiations and the time for bidders to implement the terms of the

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PLA necessitated a delay in the bid opening of one week to February 25, 1998. Staff proposes to avoid slippage of the project schedule by compressing the time required to award the contract. Potential award is expected March 17, 1998.

ENVIRONMENTAL CONSIDERATIONS

Not applicable to this item. California Environmental Quality Act requirements have been completed and the City Council certified an Environmental Impact Report (EIR) for the Sump 2 project.

FINANCIAL CONSIDERATIONS

Bid amounts are not believed to be affected by the PLA. The provisions of the PLA to control potential work stoppages will help preserve the schedule and reduce the potential for cost overruns due to delays.

POLICY CONSIDERATIONS

The negotiation of the PLA is in accordance with direction by Council in Resolution 98-020 approved January 20, 1998 to enter negotiations to obtain a PLA.

MBE/WBE

Bid documents require the bidders to adhere to the City's MBE/WBE policies and require them to achieve the City's goals of 10.57% MBE and 9.5% WBE or demonstrate a good faith effort.

Respectfully submitted,

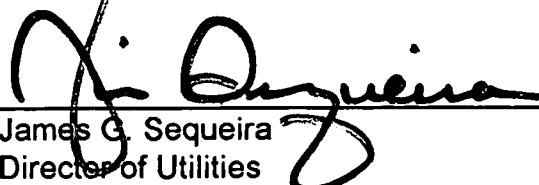


Gary A. Reents
Engineering Services Manager

RECOMMENDATION APPROVED:

William H. Edgar
City Manager

APPROVED:



James G. Sequeira
Director of Utilities

APPROVED
BY THE CITY COUNCIL

FEB 17 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-053

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING UTILIZATION OF A PROJECT LABOR AGREEMENT FOR THE SUMP 2 IMPROVEMENTS PROJECT (PN:XM24)

BE IT RESOLVED BY THE SACRAMENTO CITY COUNCIL THAT:

WHEREAS, the City of Sacramento's Combined Sewer System provides collection and treatment for sanitary sewage and/or storm drainage from approximately 11,300 acres in the City, pursuant to the terms of National Pollutant Discharge Elimination System (NPDES) Permit No. CA0079111 issued by the Central Valley Regional Water Quality Control Board (Regional Board); and

WHEREAS, on June 22, 1990, in response to street flooding which occurred within the Combined Sewer System area during the previous winter, the Regional Board modified the City's NPDES permit by adopting Order No. 90-197, which prohibited the bypass of, or overflow from, the combined system, except at specified discharge points on the Sacramento River; and

WHEREAS, based on a finding that overflows from the combined system resulted in a potential public health threat, the Regional Board also issued Cease and Desist Order No. 90-198 (the "CDO"), directing the City to cease and desist from discharging in violation of Order No. 90-197. The CDO and subsequent amendments to the CDO (by Orders Nos. 91-199 and 92-217) required the City to undertake operational improvements, develop and submit technical reports and time schedules for improvements to prevent outflows from the combined system, conduct additional monitoring and perform a risk assessment on the known and potential health impacts from the outflow of combined wastewater; and

WHEREAS, in accordance with the CDO requirements, the City developed, and the Sacramento City Council subsequently approved, the City's Combined Sewer System Rehabilitation and Improvement Plan, which includes modifications and improvements to existing Pump Stations 1/1A and 2, Pioneer Reservoir, and rehabilitation and replacement

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of the underground piping system (Phase 1), and the potential construction of additional facilities such as underground storage structures, up-sized sewers and sewer replacement, if such additional controls are necessary and cost-effective (Phase 2); and

WHEREAS, on March 22, 1996, the Regional Board adopted Order No. 96-090, which approved the City's Combined Sewer System Rehabilitation and Improvement Plan and included a time schedule for completion of the Plan's improvements in the City's NPDES permit. Based on its approval of the Plan and time schedule, the Regional Board also adopted Order No. 96-089 rescinding the CDO; and

WHEREAS, completion of Phase 1 of the Combined Sewer System Rehabilitation and Improvement Plan currently is expected to extend over a 10 to 15 year period, and cost approximately \$132 million. The approximately \$38 million Sump 2 Improvements Project, consisting of a new Sump 2A Pump Station, a new Standby Power Building, modifications to the existing Sump 2 Pump Station, and site improvements, is a cornerstone of the Combined Sewer System Rehabilitation and Improvement Plan. The City's NPDES permit requires that construction of the new Sump 2A Pump Station be completed in 1999, and that the existing Sump 2 Pump Station modifications be completed in 2000. The City intends to pay for the design and construction of the Sump 2 Improvements with State Revolving Fund loan funds; and

WHEREAS, on December 16, 1997, the City Council adopted Resolution No. 97-687, suspending competitive bidding and authorizing the use of a pre-qualification procedure to select contractors eligible to bid on the Sump 2 Improvements Project, to assure that prime contractors bidding on the Project possess sufficient experience and capability to successfully perform large projects of this nature; and

WHEREAS, based on the foregoing recitals, the City Council finds that:

- A. It is critical that the Sump 2 Improvements Project be completed in a timely manner to meet the completion deadlines mandated by the City's NPDES permit and avoid potentially costly penalties for violations and/or potential reinstatement of the CDO; and
- B. The timely, economical and successful completion of the Sump 2 Improvements Project also is of great importance to the public because work delay or disruption results in additional Project costs to the public; and
- C. Because completion of the Sump 2 Improvements Project facilities and improvements will reduce flooding and outflows of combined wastewater in the combined system area, the timely and successful completion of the Project also is

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of utmost importance to those City residents served by the City's Combined Sewer System and to other members of the public who may be affected by such flooding and outflows; and

- D. Timely, economical and successful completion of the Sump 2 Improvements Project also is necessary for the City to avoid jeopardizing the continuing funding commitments required in order for the City to complete the Project, and to avoid adversely impacting the timely completion of other elements of the Combined Sewer System Rehabilitation and Improvement Plan; and
- E. A significant number of workers in different construction crafts will be employed in the performance of the Sump 2 Improvements construction work, including employees of the contractor and various subcontractors that may or may not be signatory to labor agreements with the unions representing such construction crafts. On a large project of this type, the presence of multiple contractors and bargaining units on the job site at the same time over an extended period of time creates a substantial potential for labor-related disruption and delay of the work, unless there is an overriding commitment by all parties to avoid delays and maintain continuity of the work. Formalizing such a commitment for this project would greatly assist in meeting the construction deadlines described above; and
- F. The interests of the public and the City of Sacramento in the timely, economical and successful completion of the Sump 2 Improvements Project, as well as the interests of the contractors, employees and unions involved in the Project, would best be served if the construction work on the Project proceeded in an orderly efficient manner without disruption and delay because of strikes, work stoppages, picketing, lockouts or other labor-related delays or interferences with the work; and

WHEREAS, on January 20, 1998, the City Council adopted Resolution No. 98-020, which recognized (1) that other agencies in California have successfully required the use of Project Labor Agreements on large public works construction projects, where the presence of multiple contractors/subcontractors on the job site over an extended period of time create the potential for work disruption and delay, and (2) that Project Labor Agreements can reduce the potential for work disruption and delay by promoting greater labor stability and cooperation during performance of the work, and providing for peaceful settlement of labor disputes and grievances without strikes or lockouts, thereby promoting the public interest in the timely and economical completion of such projects. Resolution No. 98-020 directed City staff to enter into negotiations with local unions in an effort to agree upon the terms of a Project Labor Agreement for the Sump 2 Improvements Project, on the condition that a Project Labor Agreement would only be required if it could be

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completed and approved without affecting the City's schedule for construction of the Project; and

WHEREAS, the City and representatives of the various unions representing construction crafts likely to be employed on the Sump 2 Improvements Project have negotiated the attached Project Labor Agreement establishing uniform terms and conditions to be applicable to the contractor and all subcontractors performing construction work on the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE SACRAMENTO CITY COUNCIL THAT:

1. The City Council hereby authorizes the Mayor and City Clerk to execute the attached Project Labor Agreement on behalf of the City of Sacramento, to achieve labor-management peace for the duration of the Sump 2 Improvements Project, as between the unions, the contractor/subcontractors and their employees, and to assure that the Project will proceed in an orderly, economical and efficient manner without labor-related disruption and delay.

2. Nothing set forth herein shall affect in any way the City of Sacramento's absolute and exclusive right to select the successful bidder and award the contract for construction of the Sump 2 Improvements Project pursuant to the Sacramento City Charter and applicable provisions of the Sacramento City Code.

MAYOR

ATTEST:

CITY CLERK

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LOCATION MAP

(Draft Revision August 28, 1995)

- Area Contributes Both Sanitary Sewage and Storm Drainage Flows to the Combined System 7,510 Acres
- Area Only Contributes Sanitary Sewage Flows to the Combined System 3,690 Acres
- Area Only Contributes Storm Drainage Flows to the Combined System 100 Acres
- Total Area Contributing Flows to the Combined System 11,300 Acres

