



# MOVING LA FORWARD

Promoting Construction Careers at Metro

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# Acknowledgements

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The author takes full responsibility for the contents of this report and is responsible for any errors and omissions it may contain.

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## Foreword

**By Phaedra Ellis-Lamkins**  
**Chief Executive Officer, Green For All**

The country is in crisis.

The twin threats of the ongoing recession and climate change pose the greatest challenges in a generation—and so far, answers to those challenges have been few. Regions across the country are looking for ways to become more environmentally sustainable while still putting people back to work.

Los Angeles County is no exception. As L.A. seeks to become greener, building a mass transit infrastructure is a key to that vision – with the proposed 30/10 Plan as the centerpiece. The 30/10 Plan’s goal: to build thirty years of mass transit projects in ten years’ time, one of the more ambitious undertakings in the history of Los Angeles’s transit system.

The plan would reshape L.A. in a way unseen since the region’s founding, but we must take it a step further: we must ensure that it not only revolutionizes L.A.’s mass transit, but our working families as well. If we’re going to build all this mass transit, we’ve got a lot of work to do – and we need a skilled workforce to get it done.

Which is where the Construction Careers Policy comes in. The Construction Careers Policy is a program that combines two tools to produce a smarter, safer workforce. The first is the project labor agreement, which sets standards for workers employed on the construction projects that will build out our infrastructure. These standards include good wages, training, health insurance—in short, the benefits that built the American middle class. The second tool is a Targeted Hire agreement, which guarantees a high percentage of these good jobs go to communities who need them most. Together, they add up to a winning program: hundreds of thousands of good jobs for local residents.

In fact, the Construction Careers Policy is already putting Los Angeles residents back to work in career-track jobs thanks to its adoption at the Los Angeles Community Redevelopment Agency. Its track record of success there necessitates that we extend similar opportunities to hundreds of thousands of people who want to work, but can’t find jobs. Entire regions of L.A. can be revitalized as families without hope find a chance to work again, building out the infrastructure from which we will all benefit. As new mass transit pathways across the city open, so will new pathways for the middle class. Hundreds of thousands of County residents will have green mass transit options for their daily commutes. Thousands more will have stable, career-building employment. And every L.A. County resident will breathe cleaner air thanks to the cars we pull off the streets.

The problems we face, both as a region and a nation, remain significant. But the Construction Careers Policy at Metro point to a way forward not just for Los Angeles, but for America. The promise of the Construction Careers Policy at Metro is to build a new generation of workers trained in safe, reliable, highly-specialized construction.

The country is in crisis. But by building smart systems to put people back to work, we can build a new Los Angeles that is greener, cleaner, and provides new employment opportunities for its residents over the long term.

## Foreword

**By Denny Zane**  
**Executive Director, Move LA**

In Los Angeles, it is often said, the car is king. Unfortunately for our residents, that ethos has led to clogged freeways, long commute times and, most importantly in an era of rapid climate change, rampant pollution. In 2008, voters decided that they had had enough. It was then that they signaled their commitment to a new approach to transit in Los Angeles County by overwhelmingly approving Measure R, a sales tax to fund our transit system. As a result of Measure R, plans for light rail and subway connections across the entire county will become a reality.

Furthermore, Los Angeles County has embarked on an ambitious undertaking: a commitment to building thirty years of transit infrastructure in ten years. Known as the 30/10 Plan, it would revolutionize the county, providing a network of mass transit that would not only streamline commutes, but would also make L.A. County more environmentally sustainable.

But even as we rethink Los Angeles's dependency on heavy-polluting cars for transit, the economic crisis has devastated families across the county. California has the third highest unemployment rate in the nation, and unemployment in Los Angeles has reached record levels. We see the effects of this everywhere: poverty is on the rise, foreclosures have left thousands homeless, and county and state safety nets are stretched almost to breaking.

Fortunately, there's a way to put people to work building the infrastructure we need to take us into a bold new century: the Construction Careers Policy. The Construction Careers Policy represents a unique opportunity to ensure that jobs created by new transit construction would be good jobs. The Policy would also ensure a direct pipeline to those jobs for the County residents who need them most. Because of this, the policy would benefit the entire

county: local residents from struggling communities would be hired to build projects that would benefit all of Los Angeles. Hundreds of young men and women from across L.A. County would have the chance to enroll in multi-year apprenticeship programs that would give them not only a job, but a lifelong career. What the Construction Careers Policy at Metro represents is a real return on voter investment—and a victory for all of L.A. County.

As we put people to work in careers building our mass transit, we are reminded of the last time we came together to solve an economic crisis by investing in our infrastructure and in our workforce. Eighty years ago, recovering from the Great Depression, we put people back to work on a grand scale building national infrastructure projects—projects which we still rely on today. What that Greatest Generation did then can be done again by a new workforce—a Greenest Generation that can turn back the tide on climate change and the great recession as well as usher in a new era of American prosperity.

## Executive Summary

Los Angeles is about to embark upon one of the largest investments in transportation infrastructure in the county's history—an array of projects worth more than \$72 billion over the next 30 years. This investment has the potential to be a massive economic recovery project at a time when Angelenos need it most. Los Angeles County is experiencing one of the worst economic crises in modern history, with unemployment close to 13 percent. Public investment in transportation represents an opportunity to connect communities hit hardest by the recession to middle-class jobs, while also improving our environment and helping create thriving communities with real transportation alternatives.

At a time of severe fiscal challenges for the public sector, voters in the county approved Measure R by a two-thirds majority, providing a half-cent sales tax increase dedicated to transportation investment. With a secure local revenue stream, Los Angeles County can become a national model for creating middle-class jobs by prioritizing public transit through the “30/10 Plan,” a proposal to expedite twelve mass transit projects from 30 years to 10, in coordination with federal agencies.

### **Transit Investment is Necessary to Improve Air Quality and Mobility for All Angelenos**

Investments in public transit will help to mitigate some of the serious air quality and public health consequences of L.A. County's dependence on the automobile.

- Currently, 72 percent of residents commute alone to work. According to the California Air Resources Board, passenger vehicles made up 73 percent of the greenhouse gas emissions caused by all transportation activities in the state in 2008.
- The societal cost of the county's inability to meet federal standards for ozone and

particulate matter is estimated to be at least \$12.2 billion annually, which includes time lost from work or school, illness, and deaths caused by air pollution.

As Los Angeles County's population continues to increase, public transit is crucial to reducing the environmental impact of growing commuter traffic.

### **An Economic Recovery Strategy for L.A. County**

According to LAANE's analysis, the Los Angeles County Metropolitan Transportation Authority (Metro) will invest over \$72 billion in new projects over the next thirty years to expand mass transit and improve roads. Metro's new projects will create an estimated 270,000 construction jobs. In addition, Metro plans \$1.4 billion in private-sector opportunities to develop mixed-use projects at or adjacent to transit stations and corridors that have the potential to generate more than 6,800 additional construction jobs. However, there is no guarantee that this investment will lead to job opportunities in communities that need them the most. Middle-class construction opportunities in hard-hit areas are crucial to our local economic recovery.

The economic crisis has caused severe job losses in the county, and some communities have been hit much harder than others.

- In communities such as South L.A., the South Bay, East L.A. and the Northeast San Fernando Valley, unemployment has reached Depression-era levels of more than 30 percent.
- In order to bring unemployment back down to pre-recession levels, nearly 470,000 jobs would have to be created in the county.

## **Construction Careers: A Growing Track Record of Success**

A Construction Careers Policy is the best way to ensure that communities benefit from infrastructure investment. This approach couples Project Labor Agreements (PLAs) with Targeted Hire programs to ensure quality construction jobs with health care benefits and prevailing wages on publicly-funded projects, and provide career-ladder opportunities for local residents.

This policy approach was pioneered by the Community Redevelopment Agency of Los Angeles in 2008.

Other agencies that have approved Construction Careers Policies and are currently negotiating PLAs include the Port of Los Angeles, the City of Los Angeles Department of Public Works, and the Exposition Line Construction Authority for Phase II of the project.

## **PLA Construction Apprenticeship Programs: Pathways to the Middle-Class**

PLAs with Targeted Hire programs can have a tremendous impact on communities with limited job opportunities. Labor-management sponsored apprenticeship programs provide classroom and on the job experience for individuals to start a career in a construction trade. Upon completion, workers can earn from \$35,000 to \$70,000 a year.

- According to LAANE's analysis, if a Construction Careers Policy was approved at Metro with provisions similar to the policies passed by other agencies, an estimated 27,000 workers with barriers to employment would benefit from family-supporting wages and health and pension benefits.
- When workers have higher earnings and family health care coverage, spouses and children also benefit. Including workers and their family members, an estimated 73,000 people from

disadvantaged communities would benefit from a Targeted Hire program.

## **Metro Projects with Targeted Hire Will Create Billions in Economic Benefit for L.A. County**

- If Metro's transportation projects are covered by a Construction Careers Policy with a PLA that contains provisions similar to those of other agencies, new construction jobs for L.A. County residents will create billions of dollars in economic benefit for the county. Targeted Hire job earnings will:
  - Generate at least \$2.8 billion in economic activity in L.A. County, or \$36,800 per worker. This is the portion of their earnings that flows back into the local economy if county residents are employed on a Metro construction project.
  - Create 18,400 jobs in the county in industries such as health care, retail and food services through increased demand for goods and services generated by construction workers' earnings.
  - Contribute at least \$65 million in tax revenue for L.A. County at a time of fiscal austerity.

## **Safeguarding Our Investment**

A Construction Careers Policy with a PLA will protect Metro's investment without increasing project costs. Publicly-funded construction projects are already required by state law to provide prevailing wages with health and pension benefits. PLAs help ensure that employers adhere to these requirements. Moreover, PLAs help to reduce costs and minimize project delays by providing a highly-skilled and trained workforce, preventing work stoppages and improving the enforcement of workplace safety laws.

- PLAs contain no-strike provisions and often contain dispute resolution processes to handle any labor issues that may arise on a project.

- Studies show that safety enforcement is much more effective at union sites compared to non-union ones.

## Recommendations

**Metro should approve a Construction Careers Policy as a strategy for economic recovery in L.A. County.** Such a policy would institutionalize the agency's commitment to ensuring that this massive infrastructure program puts people back to work by creating middle-class construction opportunities. Infrastructure investment and job creation go hand in hand with getting Los Angeles County out of the recession.

**The policy should include a Targeted Hire program coupled with a PLA, because this dual strategy will be the most successful at connecting communities hit hardest by the recession to middle-class job opportunities.** While the recession has affected all Angelenos, low-income communities of color have been hit the hardest. A policy that includes both a Targeted Hire program and a PLA will provide these communities a pathway out of poverty.

**Congress and the Obama Administration should support financing for the 30/10 Plan to expedite job creation and transportation infrastructure long overdue in Los Angeles County.**

The 30/10 plan has brought together business, labor, community, transportation, and environmental groups because jobs and mass transit are a win-win for all of Los Angeles County. This model of self-financing infrastructure investment has also initiated a dialogue on the federal level about the creation of a National Infrastructure Bank

to aid cities across the country in doing the same. Federal support is crucial to the creation of the Bank and to making the 30/10 Plan a reality.

**Make transportation investment and the creation of construction careers a national priority.** In 2009, President Obama signed an executive order to promote the use of PLAs on federal construction projects. The upcoming Federal Surface Transportation Bill reauthorization presents an opportunity to ensure that transportation investment creates middle-class construction careers for low-income communities, expands our infrastructure, supplies contractors with a skilled workforce that can complete projects on time, and ensures that the construction industry rebounds. The success of PLAs here in Los Angeles and in other cities around the country illustrates that the construction careers approach can be taken to scale nationwide.



## Introduction

Los Angeles is about to embark upon one of the largest job creation initiatives in the county's history—the expansion of our transportation infrastructure over the next 30 years. Amidst one of the worst economic crises in modern history, and with unemployment in Los Angeles County close to 13 percent, this major public investment presents an opportunity to improve our environment, create thriving communities with real transportation alternatives, and provide career opportunities for local residents. Voters in 2008 overwhelmingly passed Measure R, with over two-thirds approval, during a period of economic uncertainty to tackle congestion and pollution—two main issues affecting mobility and public health in the region. With Measure R funds and additional federal dollars, Los Angeles County can become a national model for prioritizing transportation through the 30/10 plan, a proposal to expedite mass transit projects from 30 years to 10.

LAANE has identified over \$72 billion that the Los Angeles County Metropolitan Transportation Authority (Metro) will invest in transportation infrastructure over the next thirty years—expanding our mass transit system and improving roads. LAANE estimates this investment will generate over 270,000 construction jobs. In addition to jobs generated through capital projects, expanding our mass transit system can also provide opportunities for developers to focus on transit-oriented development, with the potential to provide more convenient housing options for residents, and create more jobs. However, there is no guarantee that this investment will lead to job opportunities in communities that need them the most. Middle-class construction opportunities in hard-hit areas are crucial to our local economic recovery.

The Construction Careers approach is a key solution to put people back to work and train the next generation of skilled construction workers. It links public investment to the creation of middle-class careers through the establishment of Project Labor

Agreements (PLAs) with Targeted Hire programs. A PLA is a collective bargaining agreement between the construction trade unions and developers or government agencies that, among other things, sets out wages and benefits for workers, and ensures labor peace on the job. A Targeted Hire program aims to increase access to a career in the construction trades for local residents and residents of low-income communities. PLAs coupled with Targeted Hire help public agencies to complete projects on time and on budget and establish a career pipeline for residents in communities with disproportionately high unemployment and poverty.

The Construction Careers approach is a key solution to put people back to work and train the next generation of skilled construction workers.

The passage of a Construction Careers Policy at Metro, which includes a PLA with Targeted Hire, would move LA forward by:

- Promoting safe, responsible construction by a trained and skilled workforce.
- Giving Angelenos in communities hardest hit by the recession the opportunity to enter into a career with family-supporting wages, health care and pension benefits.
- Allowing a highly-skilled workforce to complete critical transit projects effectively and on time, with fewer workplace injuries—a win-win for taxpayers, communities, and Metro riders.

# Transportation Investment Can Create Environmentally Sustainable Communities

## Stuck in Traffic

Environmental degradation and public health impacts associated with automobile traffic continue to affect the quality of life of residents. Los Angeles County consistently has some of the most congested roads in the nation due to high automobile dependence, with 72 percent of residents commuting alone to work. (See Figure 1) According to the 2009 Urban Mobility Report, released by the Texas Transportation Institute (TTI) at Texas A&M University, traffic congestion costs Americans \$87.2 billion annually, in wasted time and fuel. Congestion causes the average peak-period commuter to spend an additional 36 hours of travel time and 24 gallons of gasoline, which amounts to an annual cost of \$760 per commuter. The cost is significantly higher for Angelenos.<sup>1</sup> In the Los Angeles region, the average commuter sits an extra 70 hours in traffic and uses an additional 53 gallons of gasoline, at an annual cost of \$10.3 billion.<sup>2</sup>

## Transportation-Related Emissions Pose a Significant Risk to our Climate and to the Health of Angelenos

Traffic congestion has also led to heightened levels of smog and air pollution, with serious consequences for the region's environment and public health. Automobile traffic has been found to be a major contributor to climate change due to carbon dioxide emissions from the use of fossil fuels (gasoline).<sup>3</sup> According to the U.S. Environmental Protection Agency (EPA), transportation-related activities account for 27 percent of all greenhouse gas emissions (GHGs), a major source being carbon dioxide. The largest sources are passenger cars (33 percent of all transportation GHG emissions) and light duty trucks like sports utility vehicles and pickup trucks (29 percent).<sup>4</sup> According to the California Air Resources Board (ARB), transportation activities account for 37 percent of the state's GHGs in 2008, the largest source being passenger vehicles (73 percent).<sup>5</sup>

## Transportation Investment Must Be Part Of A Comprehensive Strategy To Address Climate Change

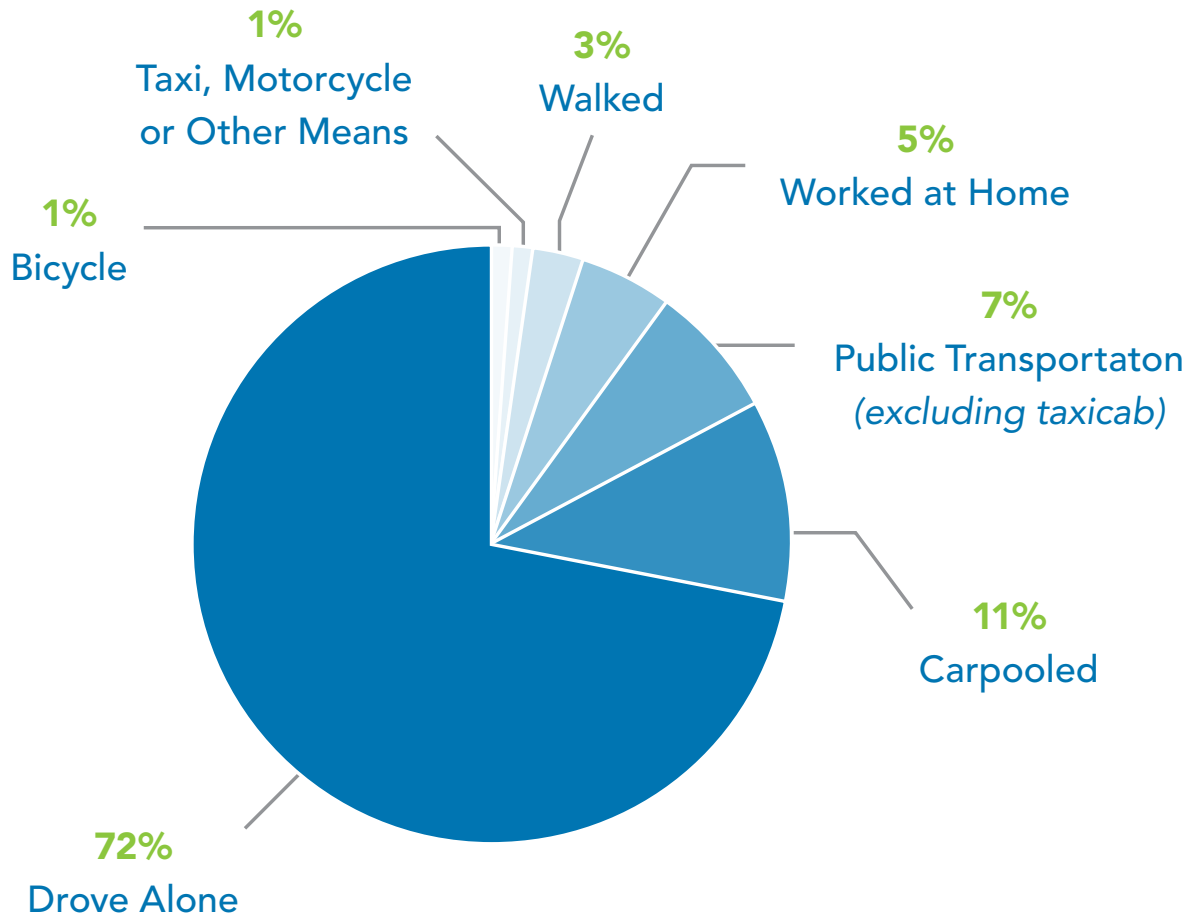
Statewide initiatives are already beginning to lay the groundwork for addressing climate change, creating more environmentally-sustainable communities, and prioritizing transportation investment. In 2009, the California legislature passed Senate Bill (SB) 375 to specifically tackle transportation and land use policies and practices that contribute to greenhouse gas emissions (GHGs), a contributor to global climate change. According to SB 375, the California Air Resources Board (CARB) is required to comply with several goals such as creating regional targets for greenhouse gas emissions reduction tied to land use, making sure that regional transportation planning agencies create a plan to meet those targets, and tying together regional housing and transportation planning efforts.\*

At the local level, SB 375 requires the Southern California Association of Governments (SCAG) to direct the development of a Sustainable Communities Strategy (SCS) for the region. Transportation agencies such as Metro can play a larger role in implementing SB 375 by helping fund projects that support environmental sustainability at the county level.

\* Southern California Association of Governments (2009). *Climate Change and the Future of Southern California*.

Figure 1

# Mode of Transportation of LA County Workers



In the Los Angeles region, the average commuter sits an extra 70 hours in traffic and uses an additional 53 gallons of gasoline, at an annual cost of \$10.3 billion.

Source: 2009 American Community Survey

## Moving LA Forward

### Promoting Construction Careers at Metro

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Both the federal government and California have also set health-based air quality standards for ozone and fine particulates, as there is extensive and convincing evidence that these pollutants pose a serious risk to our health.<sup>6</sup> Notably, some of the most harmful to children and adults alike are Ozone and Particulate Matter (PM) 2.5.<sup>7</sup> Exposure to these pollutants poses an even greater risk to people working or living directly adjacent to freeways.<sup>8</sup>

A report prepared for the EPA found that 1.5 million people reside within 300 meters of a major freeway in the South Coast Air Basin, which includes Los Angeles, Orange, San Bernardino, and Riverside Counties.<sup>9</sup> Adverse effects associated with ozone range from premature death and hospitalizations, to school absence, and work loss days due to symptoms that limit normal daily activity. PM 2.5 exposure is tied to heart attacks, premature death, the onset of chronic bronchitis and other respiratory symptoms.



According to a study by the Institute for Economic and Environmental Studies at California State University-Fullerton, if federal standards were met for ozone and PM 2.5 emissions, at a minimum, the annual benefits to the South Coast Air Basin would be at least \$1,225 per person.<sup>10</sup> For Los Angeles County, the benefits would be at least \$12.16 billion annually.<sup>11</sup> This reflects the savings from added productivity in either work or school, preventing non-fatal heart attacks and health costs associated with asthma and other respiratory illnesses, the value of annual deaths avoided, and increased enjoyment and leisure time from breathing cleaner air.

## Solving Our Current Jobs Crisis

The recession has hit states like California especially hard due to the foreclosure crisis, the near collapse of the financial sector, in addition to the state's unresolved budget crisis. Unemployment in Los Angeles County has hit an all-time high, reaching 13 percent in December 2010, up from 12.3 percent in December 2009, and more than double the rate prior to the onset of the recession.<sup>12</sup> In order to bring unemployment back down to pre-recession levels, nearly 470,000 jobs would have to be created in the county.<sup>13</sup> This reflects the loss of 386,700 jobs since December 2007 and 82,500 jobs that should have been created to keep up with population growth. To get back to a pre-recession unemployment rate in:

- Three years, 15,634 jobs would need to be created per month
- Four years, 12,384 jobs would need to be created jobs per month
- Five years, 10,438 jobs would need to be created per month



The construction industry also continues to be one of the hardest hit during the recession, losing over 41,000 jobs in Los Angeles County since 2007, and job losses continue to climb.<sup>14</sup> In neighborhoods experiencing poverty, and already limited economic development opportunities prior to the recession, unemployment rates are approaching Depression-era levels.

During the era of the Great Depression in the United States, unemployment levels peaked at 25 percent, and levels remained steady at around 15 percent throughout the economic recovery of the 1930s and 40s.<sup>15</sup> A LAANE analysis of unemployment figures from the California Employment Development Department (EDD) shows many neighborhoods throughout the county have rates that substantially exceed 20 percent.<sup>16</sup> (See Figure 2) Communities in South Los Angeles, the Southbay, the Eastside and the Northeast San Fernando Valley are experiencing unemployment at rates well above 30 percent.

Transportation investment has the potential to create employment opportunities that not only have a significant impact on the supply of construction jobs for out-of-work residents, but also provide indirect benefits to the local economy by creating demand in order industries. According to a report by the U.S. Department of the Treasury, 61 percent of all jobs created by transportation investment nationally would be in the construction industry, another 12 percent would be in the manufacturing sector, and 7 percent would be in the retail industry.<sup>17</sup> A total of 80% of all job growth associated with this investment would be in those three sectors.

## Moving LA Forward

### Promoting Construction Careers at Metro

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In order to measure the benefit of transit construction projects to the L.A. County economy, LAANE commissioned an analysis by Professor Kevin Duncan, an Economist at Colorado State University, Pueblo.<sup>18</sup> This analysis shows that for every construction job created in the county through transportation investment, an additional job is added to the county's economy through increased demand for related goods and services. This effect only holds if transit projects employ L.A. County workers. For every out-of-county construction worker that is hired on Metro projects, an additional new job is not created in L.A. County.



Transportation investment in Los Angeles has hit a critical juncture. Existing transit infrastructure has not sufficiently tackled issues around air quality or significantly improved mobility for Angelenos, nor has it addressed the lack of employment opportunities during this recession. Careers in the transportation sector—which include construction—can provide pathways to the middle class for all workers, including communities most in need of economic recovery.

In neighborhoods experiencing poverty, and already limited economic development opportunities prior to the recession, unemployment rates are approaching Depression-era levels.

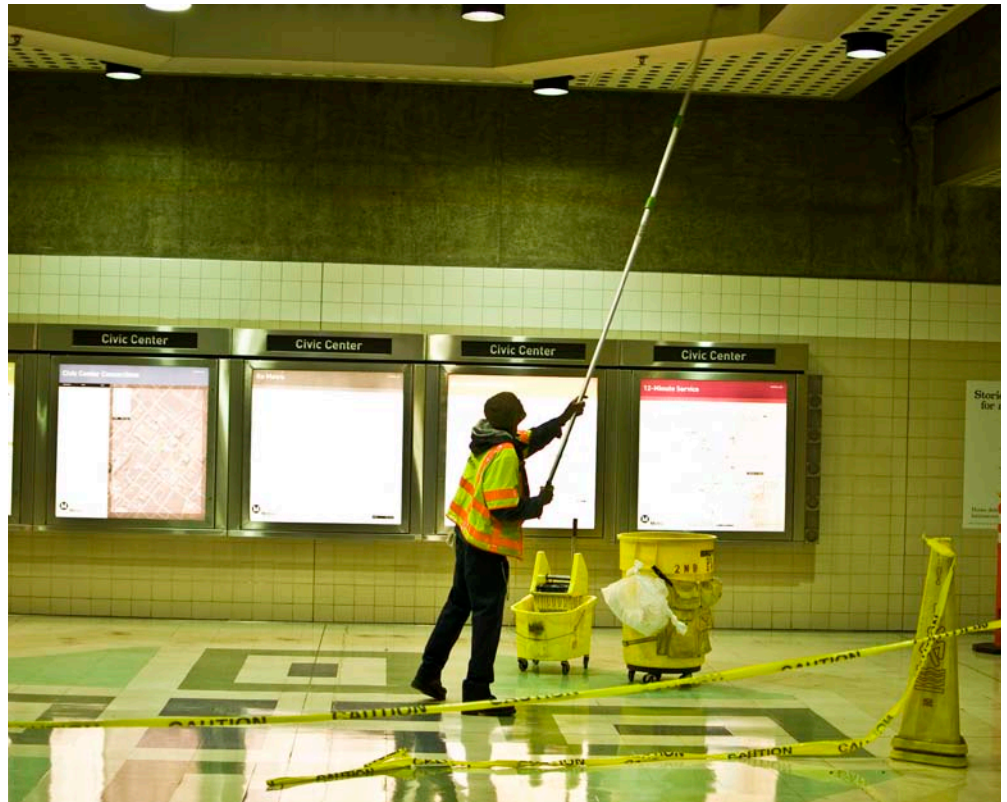


## Metro: On Track to Modernize our Transit System

Metro is responsible for the construction and operations of our transit system and roads. Over the next 30 years, the agency has set the groundwork for the largest expansion of public transit infrastructure ever undertaken and long overdue for Los Angeles County. Using federal, state, and local revenue sources, the agency has created a blueprint for transportation planning in the county—the Long Range Transportation Plan (LRTP).

### The Long Range Transportation Plan (LRTP)

The LRTP is intended to take into account operations, capital expenditures, and funding according to established priorities for projects and programming. Overall, the LRTP accounts for \$300 billion in investment countywide. A draft plan was released to the general public in 2008, and the Metro Board of Directors



approved the LRTP in October 2009. According to a LAANE analysis of capital projects identified in Metro's LRTP, mass transit and road improvements account for over \$72 billion in new construction. According to our estimates, this investment will generate approximately 270,000 construction jobs in the county over the next 30 years.<sup>19</sup>

According to a LAANE analysis of capital projects identified in Metro's LRTP, mass transit and road improvements account for over \$72 billion in new construction. According to our estimates, this investment will generate approximately 270,000 construction jobs in the county over the next 30 years.

### Measure R is Helping to Provide a Steady Stream of Funding to Expand our Transportation Infrastructure

Funding major capital projects is a significant challenge for cities across the country as a result of budget shortfalls caused by reduced tax revenue and uncertain federal allocations for transportation infrastructure that are becoming dependent on the national political landscape.

However, many cities across the country have found alternatives to federal funding such as adopting

local sales tax increases. In 2008, during a period of economic uncertainty, voters overwhelmingly approved Measure R, a half-cent sales tax increase, in order to prioritize mass transit in the county. Measure R is expected to generate an additional \$40 billion for transportation infrastructure over the next 30 years. Approximately 65 percent of the funding from Measure R will be used for mass transit. It is one of three local sales taxes that fund Metro projects and operations.<sup>20</sup>

## The “30/10 Plan:” A New Strategy to Get L.A. Moving Again

In Los Angeles County, the “30/10 Plan” has sparked a local effort to expedite and expand desperately needed transit infrastructure. It proposes using the long-term revenue from the Measure R sales tax as collateral for bonds and a federal loan, which would allow Metro to build 12 key mass transit projects in 10 years instead of 30 years. According to a LAANE analysis, over 71,000 construction jobs will be generated just from projects included in the 30/10 Plan. These twelve projects will create a comprehensive transit system that connects residents across Los Angeles County. (See Figure 4) In response to this initiative, US Department of Transportation (DOT) Secretary Ray LaHood stated that the 30/10 Plan

“has the potential to transform the way we invest in transportation projects across the nation.”<sup>21</sup>

In addition to expediting job creation and the expansion of the county’s mass transit system, the 30/10 Plan proposes to reduce project costs by building these 12 projects sooner and avoiding inflationary cost escalation. According to the LRTP, the cost of building these projects over 30 years is estimated at \$17.5 billion. This cost could be reduced to approximately \$14 billion, based on current projections, saving taxpayers over \$3 billion if the 30/10 Plan is successfully implemented.<sup>22</sup> Moreover, a study prepared for the agency projects that the annual environmental benefits of the plan would be:<sup>23</sup>

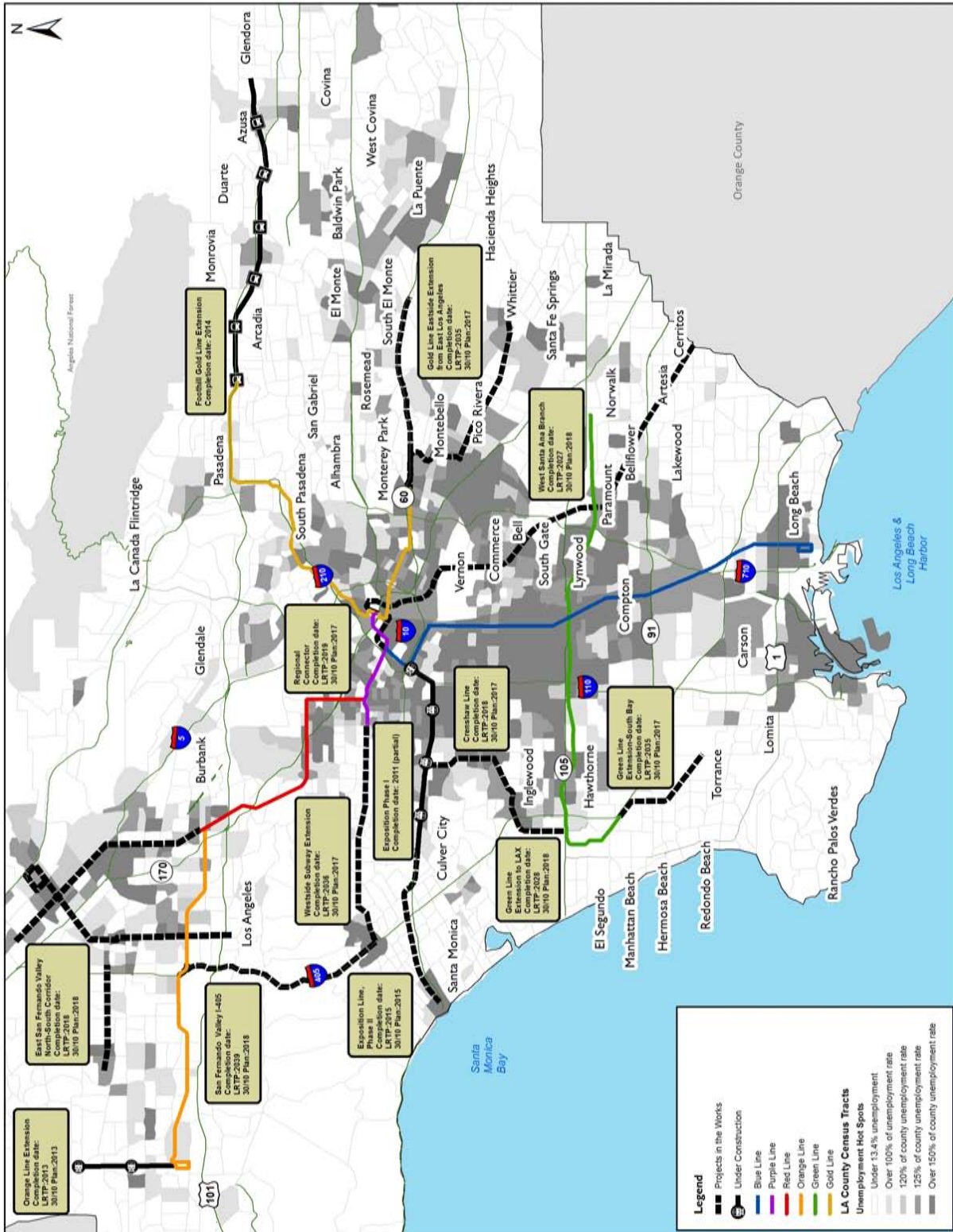
- 521,000 fewer pounds of mobile source emissions
- 10.3 million fewer gallons of gasoline consumed
- 77 million more transit boardings
- 191 million fewer vehicle miles traveled



Figure 3

# Mass Transit Projects included in Metro's 30/10 Plan

Source: California Development Department (EDD), ESRI



## **Metro's Joint Development Program: Maximizing Transit Investment**

LAANE has identified at least \$1.4 billion in opportunities to develop mixed-use projects at or adjacent to Metro transit stations and corridors that have the potential to generate more than 6,800 additional construction jobs.<sup>24</sup> Metro's Joint Development Program is designed to secure "the most appropriate private and/or public sector development on Metro-owned property at and adjacent to transit stations and corridors."<sup>25</sup> Past projects completed on Metro-owned property or adjacent to transit stations typically are mixed-use development projects with both housing and commercial amenities.

LAANE has identified at least \$1.4 billion in opportunities to develop mixed-use projects at or adjacent to Metro transit stations and corridors that have the potential to generate more than 6,800 additional construction jobs.



# Transportation Investment: An Opportunity to Link L.A. Residents to Good Jobs

## Construction Careers: A Growing Track Record of Success

Construction Careers policies are increasingly being adopted by public agencies to address the need to maintain standards in the construction industry, while also increasing efficiency in public works projects, and making sure that communities benefit from infrastructure investment. A Construction Careers Policy couples Project Labor Agreements (PLA) with a Targeted Hire program as both of these policy elements have a growing track record of pumping millions of dollars back into the local economy by expanding career opportunities in low-income communities of color.

PLAs are collective-bargaining agreements between the building trades and developers or public agencies that set out wages, benefits, and standards for workers. They contribute to labor peace because in return for these benefits, workers agree to refrain from costly strikes. When used, often on large, multi-year construction projects, PLAs can put people back to work while at the same time providing on-the-job experience for individuals just starting out their career by ensuring a connection to labor-management sponsored apprenticeship programs. These apprenticeship programs are independently funded by unions and contractors.

A Construction Careers Policy was approved in 2008 at the Community Redevelopment Agency

of Los Angeles (CRA-LA), the first of its kind in the nation, to ensure that private development that receives significant public subsidies creates quality construction jobs with health care benefits and prevailing wages, in addition to career-ladder opportunities for local residents. Other agencies that have approved a Construction Careers Policy and are currently negotiating PLAs include the Port of Los Angeles, the City of Los Angeles Department of Public Works, and the Exposition Line Construction Authority for Phase II of the project.



## Metro's Investment Should Create Pathways to the Middle-class for Workers and Their Families

As mentioned, capital projects identified, both mass transit and road improvements at Metro, account for over \$72 billion in new construction. Approximately 270,000 construction jobs will

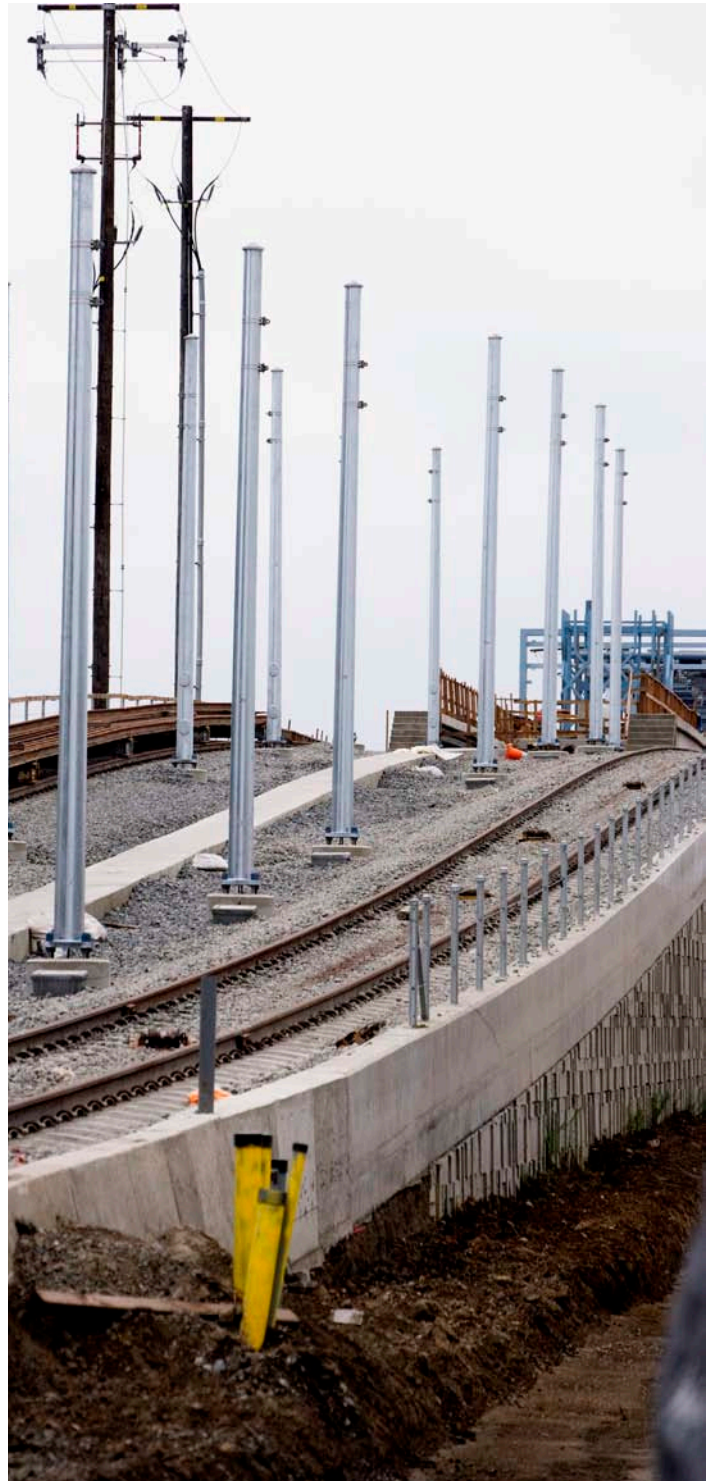
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be generated over the next 30 years. However, without Construction Careers measures, there is no guarantee that this investment will benefit communities with the greatest need for job opportunities. The passage of a Metro Construction Careers Policy would institutionalize a career pipeline for individuals currently out of work, and for communities that historically have not had access to apprenticeship programs that lead to lifelong careers in the construction trades.

PLAs ensure that workers can support their families and have adequate health care by requiring the payment of prevailing wages with health and pension benefits. Employers working on publicly-funded construction projects are required by state law to meet prevailing wage standards. PLAs help ensure that employers adhere to these requirements. This benefit is crucial at a time when the number of residents uninsured continues to climb. In Los Angeles County, approximately 22.6 percent of residents lacked health care coverage in 2009, up from 21.7 in the previous year.<sup>26</sup> The percent of uninsured in Los Angeles County is higher than the state and nationwide averages, 18 and 15.1 percent, respectively.<sup>27</sup> In the long run, family-supporting wages and health care will provide substantial savings to our currently strained public safety net.



## Building a Better Future

Alton Wilkerson has always been a builder. As a kid growing up in South Los Angeles, he and his friends would build cars after school, and when he graduated from Crenshaw High, their hobby kept them in touch.

Unfortunately, when it comes to building a future for oneself, opportunities in South L.A. can be few and far between. “I’ve seen my friends have a hard time finding good jobs—and I’ve worked dead-end jobs too,” he said, including working in a warehouse for very low pay and working 14-hour days to make ends meet. “I used to get home a half-hour before my newborn daughter would have to go to sleep,” he remembers. “I’d rush in, play with her for a few minutes, and then that would be it.”

Then Alton found the apprenticeship program run by the International Brotherhood of Electrical Workers (IBEW) Local 11. Now, Alton is building a future in a bleak time and place. Even though he has four years left in his apprenticeship program, Alton’s already earning enough to put money aside for a home and for his children’s future. “My family’s really important to me,” Alton says. “My mom lost her job awhile back, but I’ve been able to help her out. And now with our new baby on the way, we’ll be able to have a place big enough for everyone.”

During his first year as an apprentice, Alton installed solar panels on Los Angeles Community College campuses—which are covered under a PLA with targeted hire. “I’ve put up about three football fields’ worth of solar panels,” Alton said, proud of the work he’s done to make L.A. schools more green. “My son thinks I’m the best electrician ever.”

Alton’s story is unique now, but it doesn’t have to stay that way. By bringing local residents into career-track apprenticeships, the Construction Careers Policy at Metro means more people will have the opportunities Alton has had. With Construction Careers, we can put people back to work and help build a better Los Angeles.



## **Construction Apprenticeship Programs Build Careers and Communities from the Ground Up**

Targeted Hire programs can have a tremendous impact on communities with limited job opportunities. Labor-management sponsored apprenticeship programs, ranging from three to five years, provide classroom and on the job experience for individuals to start a career in a construction trade. Upon completion, workers can earn from \$35,000 to \$70,000, on track to a middle-class livelihood.<sup>28</sup> Labor-management sponsored apprenticeship programs also have a proven record of graduating women and people of color at higher rates than those sponsored solely by employers. A University of Utah study found that the odds of being an African-American apprentice are eight percent higher in a joint labor-management program than they are in those solely sponsored by employers.<sup>29</sup> Completion rates among African Americans were also found to be eight percentage points higher, for Latinos four percentage points higher, and for women almost 10 percentage points higher.<sup>30</sup>

Individuals from a disadvantaged background may not have access to adequate health care due to chronic unemployment, a low-wage job without health insurance, or other economic factors. According to a LAANE analysis, a Construction Careers Policy at Metro with similar provisions to the policies passed by other agencies would ensure that an estimated 27,000 individuals with barriers to employment would benefit from family-supporting wages and health and pension benefits.<sup>31</sup> When workers have higher earnings and family health care coverage, spouses and



children also benefit. Including workers and their family members, an estimated 73,000 people from disadvantaged communities would benefit from a Targeted Hire program.<sup>32</sup> In addition, Targeted Hire programs can provide workers with middle-class career opportunities without having to drive long distances to work. Many of the proposed Metro construction projects will be built in communities with limited job opportunities and transit options. All Angelenos will benefit from convenient transit accessibility as it reduces congestion and improves our environment.

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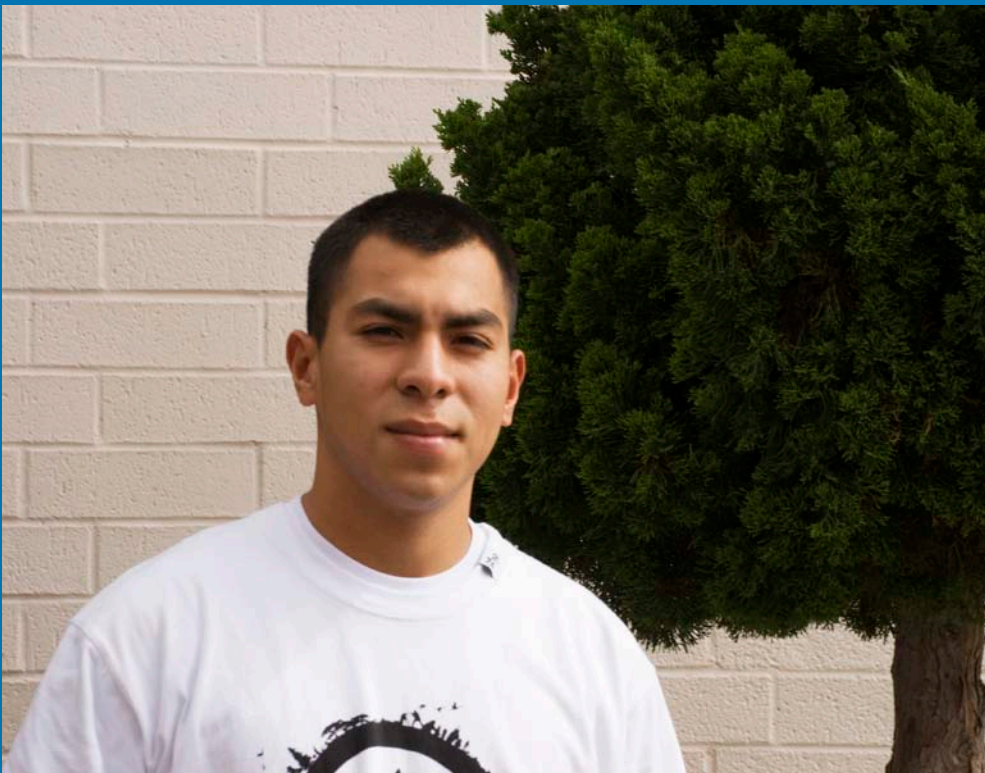
## Hardship and Hope

Luis Alcantará is part of a new generation of young Americans struggling to find a good job during the recession. As more families are struggling to make ends meet, higher education is out of reach for young people like Luis, who often have to step in and help their parents. Luis's story is sadly not an unusual one: after graduating high school this year, he has found no career prospects. "I work at Taco Bell now, but it's not what I actually want to do," Luis says. "I only make about minimum wage, I don't have health insurance and my schedule means I can't go to school."

It's not just Luis who wants a shot at a real career either: "A lot of my friends are looking for decent jobs," he says. The luckiest of them has a job at the nearby refinery. The rest of them are working for minimum wage or, worse, are unemployed.

Unable to find a good job, Luis lives with his family in a cramped two-bedroom apartment. This is the only home he's ever known. "I wish we had a house," Luis says. "I want us to keep moving up. Then we could maybe help out some of our other relatives too."

Luis's situation is particularly dire: his father, Oscar, needs a new pancreas and kidneys. Luis remembers the fear he felt when his father was diagnosed. That fear grew worse when his mother, Leidy, lost her job. While his father has healthcare, the rest of the family rely on state programs and luck: "We just try not to get sick." Now, while they wait to see if Oscar will receive a transplant, the family scrapes together what money they can from odd jobs his mother takes.



Luis himself contributes half of his paychecks to his family so they can help pay the bills. "I want to help my family, but I don't know what else to do," he says. "That's the thing. It's hard to work and go to school at the same time. That's why I'm interested in Construction Careers," he adds. He knows the apprenticeship programs would represent a huge opportunity: the ability to help provide for his family as well as a way to earn a middle-class living in an area where those opportunities are few and far between.

## An Economic Recovery Strategy for Los Angeles County

Public investment that generates good, middle-class jobs for local residents directs resources back into communities with high unemployment. Workers who are employed on projects subject to a PLA with Targeted Hire will spend their earnings at local businesses, creating additional jobs. A recent study released by the Partnership for Working Families (PWF) looked at projects undertaken by the City of Los Angeles Department of Public Works that were subject to a PLA with Targeted Hire measures, and found that these programs can have a significant impact on communities with high unemployment.<sup>33</sup> Within a three-year span, workers employed through Targeted Hire programs on Department of Public Works projects earned approximately \$27.5 million in wages, 32 percent of all wages paid on the projects.<sup>34</sup>

Within a three-year span of projects, workers employed through Targeted Hire programs on Department of Public Works projects earned approximately \$27.5 million in wages, 32 percent of all wages paid on the projects.

### Metro Projects with Targeted Hire Will Create Billions in Economic Benefit for L.A. County

If Metro's transportation projects in the LRTP are covered by a Construction Careers Policy with provisions similar to those at other agencies, new construction jobs for residents will create billions of dollars in economic benefit for Los Angeles County. Targeted Hire earnings alone would:<sup>35</sup>

- Generate at least \$2.8 billion in economic activity in Los Angeles County, or \$36,800 per Targeted Hire worker. This is the portion of their earnings that flows back into the local economy if county residents are employed on a Metro construction project.
- Create 18,400 local jobs in industries such as health care, retail and food services through increased demand for goods and services, showing that an employed construction worker's earnings have an impact across a broad range of industries in Los Angeles County.
- Contribute at least \$65 million in tax revenue for Los Angeles County. Cities and government agencies across the county, such as Metro, are struggling to balance budgets and reducing essential services during this recession. Construction workers employed on Metro projects can contribute to the tax base that funds this infrastructure investment.



## Safeguarding our Investment

### Providing a Skilled Workforce and Preventing Labor Disputes to Complete Projects on Time and on Budget

PLAs benefit employers by increasing the likelihood that projects will stay on schedule through the steady supply of workers provided by the union hiring hall, which include workers undergoing training through labor-management sponsored apprenticeship programs.<sup>36</sup> PLAs can include provisions requiring the union hiring hall to provide a worker within 24 to 48 hours of a contractor's request for labor.<sup>37</sup>

The no-strike/no lock-out provisions included in these agreements also prevent work stoppages, which can delay a project and increase project costs. To prevent costly labor disputes, PLAs often



include dispute resolution processes to handle any issues that may arise on a construction project. An Economic Policy Institute (EPI) study that surveyed labor strikes on construction projects over the last ten years concluded that PLAs have generally been successful in preventing work disruptions on construction projects.<sup>38</sup>

### Better Safety Training and Enforcement Means Fewer Project Delays and Cost Overruns Caused by Workplace Injuries

In most cases, a PLA with Targeted Hire measures will include provisions requiring adherence to contractor's safety rules, and OSHA or state safety regulations. In addition, workers receive safety training through their craft's apprenticeship program. Poor training, or lack thereof, can prove to be dangerous for workers and costly to the industry. Although construction accounts for only 5 percent of all private industry employment in the United States, it makes up 15 percent of all private sector injury costs.<sup>39</sup> Annual costs to the industry are estimated at \$11.5 billion—with \$4 billion in fatalities, and \$7 billion in nonfatal injuries, primarily due to work loss days.<sup>40</sup>

A study of construction health and safety enforcement by OSHA found a “two-tier” system, with enforcement much more effective at union sites compared to non-union ones.<sup>41</sup> Because PLAs allow unions to monitor safety on worksites, contractors have more incentive to adhere to safety standards and workers are more likely to exercise their rights on the job than on worksites without a union presence. In some cases, PLAs will have a joint safety committee where union representatives and contractors can discuss safety-related issues on a job site.<sup>42</sup>

## Recommendations

### **Metro should approve a Construction Careers Policy as a strategy for economic recovery in Los Angeles County.**

A Metro Construction Careers Policy would institutionalize the agency's commitment to ensuring that its massive infrastructure program puts people back to work by creating middle-class construction opportunities. Infrastructure investment and job creation go hand in hand with getting Los Angeles County out of the recession. A Metro Construction Careers Policy has the potential to be one of the largest job creation initiatives in the entire country as it is connected to a 30-year transit capital program.

### **The policy should include a Targeted Hire program coupled with a PLA, because this dual strategy will be the most successful at connecting communities hit hardest by the recession to middle-class job opportunities.**

While the recession has affected all Angelenos, low-income communities of color have been hit the hardest. A policy that includes both a Targeted Hire program and a PLA will provide these communities a pathway out of poverty. When workers have higher earnings and health care coverage, their families benefit. Our findings estimate nearly 73,000 people from disadvantaged communities would benefit from a Targeted Hire program.

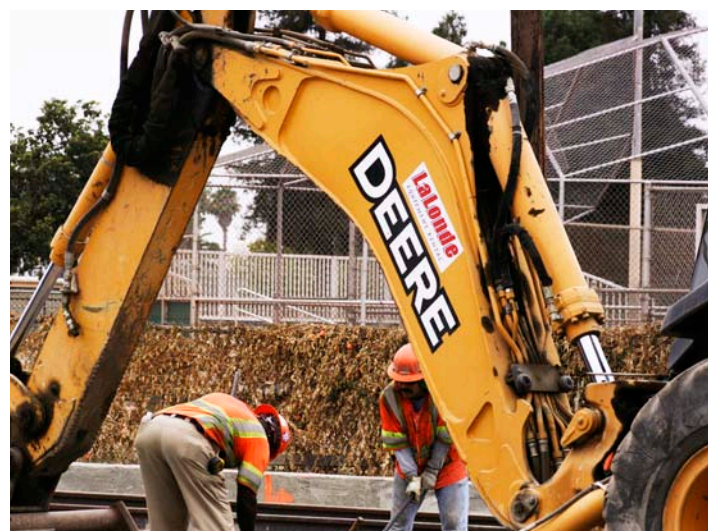
### **Congress and the Obama Administration should support financing for the 30/10 Plan to expedite job creation and transportation infrastructure long overdue in Los Angeles County.**

The 30/10 Plan has brought together business, labor, community, transportation, and environmental groups because jobs and mass transit are a win-win for all of Los Angeles County. This model of self-financing infrastructure investment has also initiated a dialogue at the federal level on the creation of a National

Infrastructure Bank to aid cities across the country in doing the same. On Labor Day 2010, President Obama announced a \$50 billion plan to rebuild 150,000 miles of roads, construct and maintain 4,000 miles of rail, and improve more than 150 miles of airport runways to prepare the economy beyond the recession.<sup>43</sup> Federal support is crucial to the creation of the Bank and to making the 30/10 Plan a reality.

### **Make transportation investment and the creation of construction careers a national priority.**

In 2009, President Obama signed Executive Order 13502 to promote the use of PLAs on federal construction projects over \$25 million.<sup>44</sup> The upcoming Federal Surface Transportation Bill reauthorization presents an opportunity to ensure that transportation investment creates middle-class construction careers for low-income communities, supplies contractors with a skilled workforce that can complete projects on time, and ensures that the construction industry rebounds. This spending bill would provide funding to state and local jurisdictions for road and transit programs. The success of project labor agreements here in Los Angeles and in other cities around the country illustrates that the Construction Careers approach can be taken to scale nationwide.



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## Moving LA Forward

### Promoting Construction Careers at Metro

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