

## 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.

