San Francisco Public Utilities Commission
WATER SYSTEM IMPROVEMENT PROGRAM

PROJECT LABOR AGREEMENT

Quarterly Report – Second Quarter 2008-2009

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WATER SYSTEM IMPROVEMENT PROGRAM

Table of Contents

Introduction:..... 3
Executive Summary 3
Governance 3
Summary of Contracts Awarded:..... 4
Summary of WSIPLA Employment: 4
Pre-Job Conferences and Jurisdictional Disputes 5
Electronic Certified Payrolls:..... 5
WSIP Craft Hour Estimate..... 6
First-Source Hiring 6
Regional First-Source Hiring 7
Local First-Source Hiring 7
First Source Placements Research 9
Apprentice Utilization..... 9
Substance Abuse Prevention:..... 11

Introduction:

The SFPUC's Labor Relations and Community Programs Office (LRCP) has prepared this quarterly report for the quarter ended December 31, 2008 to provide interested parties with information regarding the implementation and progress of the Water System Improvement Program Project Labor Agreement (the WSIPLA). The report includes contracts awarded subject to the WSIPLA and electronic certified payrolls filed by contractors as of January 9, 2009. The forecast of craft hours needed to complete the WSIP is based on construction costs included in the WSIP Program Update dated September 30, 2008.

The report includes a summary of contracting activity, pre job conferences and jurisdictional disputes, projected and actual employment, and the results of the WSIPLA's first source hiring and substance abuse prevention programs.

Executive Summary

- As of January 9, 2009 six projects covered by the WSIPLA were in construction, and three projects covered by the WSIPLA but not yet in construction had been awarded.
- The dollar value of the nine contracts awarded subject to the WSIPLA is less than the sum of the low end of the related engineer's estimates. This indicates that the WSIPLA has not adversely affected bidding on WSIP projects.
- Work on all six projects has proceeded without disruption for labor related issues.
- Three craft assignments were contested by the unions. One resulted in a mediated settlement conducted in accordance with the WSIPLA's jurisdictional dispute resolution process, one was settled by a change in the contractor's means and methods, and one is still in the discussion phase.
- Four of the six active projects have employed at least one disadvantaged worker referred by CityBuild pursuant to the City's first-source hiring program.
- All six active projects are compliant with the WSIPLA's Substance Abuse Policy.

Governance

The parties to the WSIPLA have established a four person Joint Administrative Committee that reviews the implementation of the agreement and the progress of the covered projects, and resolves problems and grievances that arise in connection with the agreement. The LRCP implements the agreement under the direction of the Joint Administrative Committee.

Summary of Contracts Awarded:

As indicated in the following table, nine construction contracts have been awarded subject to the WSIPLA in a total amount of $226.3 Million, which is $1.9 Million less than the $228.2 Million cumulative total of the low end of the advertised engineer's cost estimates.

Award Date	Contract No.	Prime Contractor	Project	Engineer's Estimate	Award
Jun. 26, 2007	WD-2504	S.J. Amoroso Construction Co. Inc.	Stanford Heights Reservoir Seismic Retrofit and Improvement	$18 to $24 Million	$ 17,899,960
Nov. 13, 2007	WD-2511	Power Engineering Contractors, Inc.	Standby Power Facilities, Various Locations	$5.7 Million	$ 8,419,000
Dec. 11, 2007	WD-2501	Monterey Mechanical Co.	Alemany Pump Station	$18 to $22 Million	$ 23,269,000
Dec. 11, 2007	WD-2469	Cal State Constructors, Inc.	Forest Knolls Pump Station and Storage Tank Upgrade	$5.5 to $7 Million	$ 6,547,000
May 27, 2008	WD-2564	NTK Construction, Inc.	Harry Tracy Water Treatment Plant-Short Term Improvements- Phases 2 and 3	$15 to $18 Million	$ 13,824,000
Sep. 9, 2008	WD-2543	Shaw Pipeline Inc.	North University Mound System Upgrade, Water Main Installation, Sewer Replacement and Pavement Renovation	$15 to $18 Million	$ 13,529,370
Sep. 23, 2008	DB-116	PCL Civil Constructors Inc.	Tesla Treatment Facility, a Design-Build Agreement (DBA)	$90 Million	$ 81,420,562
Oct. 14, 2008	WD-2498	Shank/Balfour Beatty, J.V.	New Crystal Springs Bypass Tunnel	$55 to $65 Million	$ 55,674,000
Dec. 9, 2009	WD-2529	KJ Woods Construction Inc.	Noe Valley Transmission Main- Phase 2	$6 to $8 Million	$5,724,000
				$228.2 to $257.7 Million	$ 226,306,892

Summary of WSIPLA Employment:

As indicated in the following table, 597 individual craft workers have earned wages of $4,043,478 on 116,295 hours of employment on six construction projects subject to the WSIPLA.

San Francisco Public Utilities Commission
Water System Improvement Program - Project Labor Agreement
Report of Activities for the Quarter Ended December 31, 2008
Employment Summary - All Projects
Includes Electronic Certified Payrolls Recorded Through January 9, 2009 and October 15, 2008

	Individuals Employed Jan.9, 2009	Individuals Employed Oct. 15, 2008	Wages Jan.9, 2009	Wages Oct. 15, 2008	Hours Jan.9, 2009	Hours Oct. 15, 2008
ASBESTOS REMOVAL	3	3	$ 1,320	$ 1,320	48	48
BRICKLAYER	7	7	14,983	12,617	434	322
CARPENTER	77	66	1,318,154	929,649	35,668	25,409
CEMENT MASON	26	22	65,918	32,603	1,900	917
ELECTRICIAN	41	37	565,572	263,267	10,866	4,968
FIELD SURVEYOR	15	12	9,129	15,159	195	164
IRON WORKER	113	94	318,645	201,219	10,806	6,756
LABORER	212	154	1,275,472	871,291	44,135	28,370
OPERATING ENGINEER	61	44	276,125	187,750	7,871	5,288
PAINTER	7	1	19,353	12,026	507	307
PILE DRIVER	4	4	108,151	70,536	2,227	1,452
PLUMBER	16	8	39,192	14,457	769	274
ROOFER	9	8	19,471	19,240	689	666
SHEET METAL WORKER	4		5,594		112	
TEAMSTER	2		6,399		70	
	597	460	$ 4,043,478	$ 2,631,133	116,295	74,940

Pre-Job Conferences and Jurisdictional Disputes

Prior to the start of construction, each General Contractor is required to hold a pre-job conference with the Building Trades Council representing the unions in the county in which the work is located. These conferences are required under the WSIPLA with the intent of minimizing disputes at the jobsite. The pre-job conferences produced three jurisdictional disputes among the unions. The first, a jurisdictional dispute between UA Local 38 and Laborers Local 261, resulted in a mediated resolution that is now part of the bid packages for all WSIPLA covered projects in San Francisco. The second jurisdictional dispute was resolved when the contractor changed its means and methods. The third and final jurisdictional dispute remains outstanding between the Cement Masons Local 300, Bricklayers Local 3 and Roofers Local 40. We anticipate a resolution of the third jurisdictional dispute in the beginning of calendar year 2009.

Electronic Certified Payrolls:

All six projects currently in construction are using a system for electronic certified payrolls developed by Elation Systems, Inc. The SFPUC has extended use of Elation Systems to all of its construction projects, including those not covered by the WSIPLA. Elation Systems' certified payrolls recorded as of January 9, 2009, were used to produce the employment data included in this report.

WSIP Craft Hour Estimate

Each quarter the LRCP updates its estimate of craft worker hours needed to complete the WSIP based on the revised construction schedule and cost estimate published in the most recent Water System Improvement Program Quarterly Update. The current craft hour estimate is based on the Water System Improvement Program Quarterly Update for the First Quarter ended September 30, 2008. The First Quarter Report included an updated forecast of $3,006,450,000 to be spent on the WSIP to re-build the Hetch Hetchy Water System.

Parsons Water and Infrastructure, Inc., the WSIP Program/Project/Pre-Construction Manager, has provided the SFPUC with a craft labor distribution estimate for regional WSIP construction projects. The Parsons estimate includes models for six types of regional WSIP Projects which estimate the percentage of total construction costs to be expended for the various categories of construction activity. The SFPUC has applied the models to the First Quarter 2008-2009 revised WSIP cost projection. This model-based estimate has been combined with project-specific engineer's construction cost estimates for the San Francisco Bay Tunnel, the New Crystal Springs Bypass Tunnel, and the Calaveras Dam Replacement Project. The three project-specific estimates represent $669.030, 000 or 22.3% of total estimated WSIP construction for the Quarter Ended September 30, 2008.

The combined estimates indicate that 12,010,035 hours will be needed in six Bay Area counties to complete the WSIP and that 10,970,660 or 91.1% of those hours will be needed between 2009 and completion of the program in 2015. The following schedule shows the hours expected to be needed in the various areas of construction activity in each county.

	Alameda	San Francisco	San Joaquin	San Mateo	Santa Clara	Stanislaus	Total
Carpentry	191,557	53,901	11,443	66,069	5,507	37,554	366,031
Concrete	940,472	279,872	53,129	355,285	16,267	84,944	1,729,969
Electrical	241,020	190,114	53,450	256,669	14,953	71,884	828,090
Heavy Equipment Operation	1,310,161	518,344	25,619	444,370	34,199	294,269	2,626,962
Masonry	52,497	89,006	27,465	101,958	3,840	-	274,766
Mechanical	579,364	185,338	42,757	327,532	36,849	296,704	1,468,543
Painting	86,190	49,536	14,304	72,906	6,884	46,943	276,763
Roofing	26,466	44,859	13,842	51,387	1,935	-	138,490
Sheet Metal	28,396	44,859	13,842	51,641	1,935	-	140,673
Structural Steel	231,850	133,404	35,760	157,595	9,070	39,119	606,797
Trucking & Hauling	385,092	109,901	14,797	137,421	12,174	97,123	756,509
Underground Tunnel Work	1,723,844	-	-	33,223	-	-	1,757,067
	5,796,911	1,699,134	306,408	2,056,054	143,614	968,539	10,970,660

First-Source Hiring

As of January 9, 2009 eighteen disadvantaged workers have been place on projects covered by the WSIPLA, 17 on Local San Francisco Projects and one on a Regional Project. The following tables summarize the results of the eighteen placements.

Regional First-Source Hiring

The WSIPLA Joint Administrative Committee has adopted the Water System Improvement Program Project Labor Agreement Local Area Apprenticeship and Employment Opportunities Program (the Program) at their August 7, 2008 meeting to provide a process for first-source hiring on the regional projects. The Program is an administrative document developed by LRCP as advised by the JAC to implement the provisions of the WSIPLA regarding apprentices and employment opportunities. The Program requires contractors to fill a specified number of apprentice positions with disadvantaged graduates of local pre-apprenticeship training programs. SFPUC staff are preparing for the first implementation of the Program on Contract WD-2498 New Crystal Springs Bypass (Polhemus) Tunnel. The following table contains the results of the Regional First-Source Hiring Program as of January 9, 2009:

San Francisco Public Utilities Commission
Water System Improvement Program - Project Labor Agreement
Report of Activities for the Quarter Ended December 31, 2008
Employment Summary - Regional Projects
Includes Electronic Certified Payrolls Recorded Through January 9, 2009

Total Craft Employment	Total Workers Reported	Total Wages	Harry Tracy Improvements- Phases 2 and 3	Standby Power Facilities	Total Hours	Harry Tracy Improvements- Phases 2 and 3	Standby Power Facilities
CARPENTER	8	97,295	$ 47,142	$ 50,153	2,512	1,242	1,270
CEMENT MASON	2	2,447	2,447		72	72	
ELECTRICIAN	12	131,071	57,506	73,565	2,298	1,084	1,214
IRON WORKER	10	22,698	19,993	2,705	747	669	78
LABORER	37	131,397	86,282	45,115	4,512	3,040	1,473
OPERATING ENGINEER	8	43,411	39,079	4,332	1,113	996	117
PILE DRIVER	3	25,547		25,547	648		648
PLUMBER	2	387		387	12		12
	82	$ 454,254	$ 252,450	$ 201,804	11,912	7,102	4,810
First Source Placements							
LABORER	1	2,019	$ 2,019		78	78	
Total First Source	1	$ 2,019	$ 2,019	$ -	78	78	-
Percent First Source	1.22%	0.44%	0.80%	0.00%	0.65%	1.10%	0.00%

Local First-Source Hiring

The Local First-Source Hiring Program for projects in San Francisco is administered by CityBuild under an interdepartmental work-order from the SFPUC. The SFPUC supplements the program with services provided through the Parsons Program Management Contract. Seventeen disadvantaged San Francisco residents have been placed on the six active projects in five trades and worked 4,587 hours, earning wages of $113,297. The seventeen first-source placements represent 3.3% of the total workers employed, 4.39% of the hours worked and 3.16% of the total wages. The table on the following page summarizes first-source hiring on San Francisco Local Projects covered by the WSIPLA as of January 9, 2009.

San Francisco Public Utilities Commission
Water System Improvement Program - Project Labor Agreement
Report of Activities for the Quarter Ended December 31, 2008
Employment Summary - San Francisco Local Projects
Includes Electronic Certified Payrolls Recorded Through January 9, 2009

Total Craft Employment	Total Workers Reported	Total Wages	Alemany Pump Station	Forest Knolls Pump Station	Stanford Heights Reservoir	N. University Mound System Upgrade	Total Hours	Alemany Pump Station	Forest Knolls Pump Station	Stanford Heights Reservoir	N. University Mound System Upgrade
ASBESTOS REMOVAL	3	$ 1,320	$ 1,320				48	48			
BRICKLAYER	7	14,983			$ 14,983		434			434	
CARPENTER	69	1,220,859	458,084	$207,199	555,577		33,157	11,451	5,912	15,794	
CEMENT MASON	24	63,471	42,736	2,713	18,022		1,828	1,196	96	536	
ELECTRICIAN	29	434,501	330,101	27,500	76,900		8,568	6,258	488	1,822	
FIELD SURVEYOR	15	9,129	2,149		6,981		195	63		132	
IRON WORKER	103	295,947	73,953	39,519	182,474		10,060	2,615	1,247	6,198	
LABORER	175	1,144,075	313,682	163,212	662,583	$ 4,598	39,623	11,193	5,947	22,327	156
OPERATING ENGINEER	53	232,714	114,926	88,882	25,280	3,626	6,758	3,361	2,573	735	90
PAINTER	7	19,353		7,026	12,328		507		176	331	
PILE DRIVER	1	82,604	82,604				1,579	1,579			
PLUMBER	14	38,805	31,856	6,949			757	620	137		
ROOFER	9	19,471			19,471		689			689	
SHEET METAL WORKER	4	5,594		5,594			112		112		
TEAMSTER	2	6,399				6,399	70				70
Total Craft Employment	515	$3,589,225	$ 1,451,410	$548,594	$ 1,574,598	$ 14,623	104,383	38,384	16,687	48,996	316
First Source Placements											
CARPENTER	5	$ 39,773	$ 6,599	$ 32,834	$ 340		1,660	307	1,338	16	
ELECTRICIAN	1	23,142	23,142				827	827			
IRON WORKER	1	892			892		45			45	
LABORER	9	42,777	8,679		34,098		1,751	353		1,398	
OPERATING ENGINEER	1	6,712	6,712				305	305			
Total First Source	17	$ 113,297	$ 45,132	$ 32,834	$ 35,330	$ -	4,587	1,791	1,338	1,459	-
Percent First Source	3.30%	3.16%	3.11%	5.99%	2.24%	0.00%	4.39%	4.66%	8.02%	2.98%	0.00%

First Source Placements Research

In 2009, the WSIP will enter the large scale construction phase on projects throughout the service territory creating additional opportunities for First Source placements. To place individuals in positions where maximum benefit can be achieved, the SFPUC has begun data collection to identify criteria which lead to successful placements. Prentiss Jackson, a San Francisco State University student and Willie Brown Jr. Leadership Institute intern has been hired to conduct research and data analysis.

The goal of the research is to evaluate efforts to date, and recommend policy alternatives designed to create positive placement outcomes throughout the WSIP. The research includes data on demographic attributes of participants and post placement results. Data acquired from the Earth Stewards program will also be incorporated to evaluate the success of participant progression into trade apprenticeship programs sponsored by SFPUC.

Apprentice Utilization

The WSIPLA requires contractors to make good faith efforts to employ apprentices and journeymen in the ratios prescribed by the State of California, Division of Apprenticeship Standards. These standards generally require a 1:5 ratio of apprentices to journeymen, or a 20% apprentice utilization percentage. The overall percentage on the five WSIPLA covered projects as of January 9, 2009 was 11.73%.

San Francisco Public Utilities Commission
Water System Improvement Program - Project Labor Agreement
Report of Activities for the Quarter Ended December 31, 2008
Apprentice Utilization Summary
Includes Certified Payrolls Recorded Through January 9, 2009

Apprentices				
ASBESTOS WORKER	-	-		-
BRICKLAYER	2	136	$	3,483
CARPENTER	13	4,812		134,216
CEMENT MASON	1	5		87
ELECTRICIAN	8	1,951		50,515
FIELD SURVEYOR	2	9		263
IRON WORKER	35	3,777		79,105
LABORER	4	663		13,166
OPERATING ENGINEER	1	368		8,059
PAINTER	-	-		-
PILE DRIVER	-	-		-
PLUMBER	2	34		1,001
ROOFER	2	210		3,884
SHEET METAL	-	-		-
TEAMSTER	-	-		-
	70	11,963		293,780
Journeymen				
ASBESTOS WORKER	3	48		1,320
BRICKLAYER	5	298		11,500
CARPENTER	64	30,857		1,183,938
CEMENT MASON	25	1,895		65,831
ELECTRICIAN	33	8,915		515,057
FIELD SURVEYOR	13	186		8,866
IRON WORKER	78	7,030		239,540
LABORER	208	43,472		1,262,306
OPERATING ENGINEER	60	7,503		268,066
PAINTER	7	507		19,353
PILE DRIVER	4	2,227		108,151
PLUMBER	14	735		38,191
ROOFER	7	479		15,587
SHEET METAL	4	112		5,594
TEAMSTER	2	70		6,399
	527	104,331		3,749,699
Total Employment	597	116,295	$	4,043,478
Apprentice Utilization				
ASBESTOS WORKER	0.00%	0.00%		0.00%
BRICKLAYER	28.57%	31.37%		23.25%
CARPENTER	16.88%	13.49%		10.18%
CEMENT MASON	3.85%	0.26%		0.13%
ELECTRICIAN	19.51%	17.95%		8.93%
FIELD SURVEYOR	13.33%	4.61%		2.89%
IRON WORKER	30.97%	34.95%		24.83%
LABORER	1.89%	1.50%		1.03%
OPERATING ENGINEER	1.64%	4.68%		2.92%
PAINTER	0.00%	0.00%		0.00%
PILE DRIVER	0.00%	0.00%		0.00%
PLUMBER	12.50%	4.42%		2.55%
ROOFER	22.22%	30.43%		19.95%
SHEET METAL	0.00%	0.00%		0.00%
TEAMSTER	0.00%	0.00%		0.00%
All Trades	11.73%	10.29%		7.27%

Substance Abuse Prevention:

The WSIPLA requires pre-employment alcohol and drug testing for all covered employees. The policy also allows testing where the contractor has reasonable cause to believe that the employee has used drugs or alcohol, and requires testing where a contractor concludes that an employee was under the influence of drugs or alcohol at the time of an accident. The SFPUC has extended the WSIPLA substance abuse prevention policy to all contractor employees working at the job site.

The parties to the WSIPLA are currently considering an amendment to the Substance Abuse Policy that updates the policy to reflect experience gained from its initial implementation. The amendment suggests eight modifications to the policy, the most significant of which is an increase from seven days to thirty days in the maximum break in service before program-wide substance abuse clearance requires a new pre-employment test (project level clearance is unaffected by a break in service).

On December 15, 2008 a notice was posted on the SFPUC'c Professional Service Agreement RFP website advising interested third-party administrators to submit proposals for administration of the WSIPLA Substance Abuse Policy. Proposals are due on March 23, 2009, and a panel of TPA's eligible for work on the WSIP is scheduled to be published on April 14, 2009.

As of January 23, 2009, 523 people had been cleared to work, 14 had failed to pass pre-employment tests and consequently were prevented from working, and there had been no reasonable suspicion or post-accident tests administered. The following table summarizes the results of the Substance Abuse Prevention Program as of January 23, 2009.

San Francisco Public Utilities Commission WSIP - Project Labor Agreement Activities for the Quarter Ended December 31, 2008 Substance Abuse Testing Summary Tests Administered Through January 23, 2009	
Individuals Cleared to Work	
Alemany Pump Station	185
Forest Knolls Pump Station	93
Harry Tracy Water Treatment Plant	67
North University Mound System Upgrade	8
Standby Power Facilities	20
Stanford Heights Reservoir	150
	523
Individuals Eligible to Re-Test	
Alcohol	1
Amphetamines	1
Cocaine	2
Dilute - Amphetamines	1
Marijuana	5
Refused	4
	14
Percent Positive	
Alcohol	0.19%
Amphetamines	0.19%
Cocaine	0.38%
Dilute - Amphetamines	0.19%
Marijuana	0.96%
Refused	0.76%
	2.68%