



HETCH HETCHY
WATER SYSTEM IMPROVEMENT PROGRAM

San Francisco Public Utilities Commission
WATER SYSTEM IMPROVEMENT PROGRAM

PROJECT LABOR AGREEMENT

Quarterly Report – First Quarter 2008-2009



San Francisco Public Utilities Commission
Water System Improvement Program Project Labor Agreement
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Introduction:

The SFPUC's Labor Relations and Community Programs Office (LRCP) has prepared this quarterly report for the quarter ended September 30, 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 October 15, 2009. The forecast of craft hours needed to complete the WSIP is based on construction costs included in the WSIP Program Update dated June 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 October 15, 2008 five 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 eight 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 five 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 five active projects have employed at least one disadvantaged worker referred by CityBuild pursuant to the City's first-source hiring program.
- All five projects are compliant with the WSIPLA's Substance Abuse Policy.
- Building Trades Unions supporting WSIP projects through the environmental review process

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

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agreement. The LRCP implements the agreement under the direction of the Joint Administrative Committee.

Summary of Contracts Awarded:

As indicated in the following table, eight construction contracts have been awarded subject to the WSIPLA in a total amount of \$220.6 Million, which is \$1.5 Million less than the \$222.2 Million cumulative total of the low end of the advertised engineer’s cost estimates.

<u>Award Date</u>	<u>Contract No.</u>	<u>Prime Contractor</u>	<u>Project</u>	<u>Engineer's Estimate</u>	<u>Award</u>
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
				\$222.2 to \$249.7 Million	\$ 220,582,892

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.

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Electronic Certified Payrolls:

All five 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 October 15, 2008, 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 Fourth Quarter ended June 30, 2008. The Fourth Quarter Report included an updated forecast of \$2,982,486,000 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 Fourth Quarter 2008 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 \$646,266,000 or 21.7% of total estimated WSIP construction for the Quarter Ended June 30, 2008.

The combined estimates indicate that 12,030,242 hours will be needed in six Bay Area counties to complete the WSIP and that 10,671,519 or 88.7% 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.

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	Alameda	San Francisco	San Joaquin	San Mateo	Santa Clara	Stanislaus	Total
Carpentry	189,755	49,792	11,938	63,856	5,498	34,730	355,568
Concrete	935,983	255,642	55,426	330,230	16,245	78,556	1,672,082
Electrical	235,191	176,630	55,761	243,294	14,934	66,478	792,289
Heavy Equipment Operation	1,292,160	464,392	26,727	430,802	34,124	272,139	2,520,345
Masonry	51,893	82,494	28,653	97,777	3,840	-	264,657
Mechanical	558,414	174,648	44,606	312,690	36,773	274,391	1,401,523
Painting	81,970	46,571	14,922	70,495	6,872	43,413	264,243
Roofing	26,162	41,577	14,441	49,280	1,935	-	133,395
Sheet Metal	28,092	41,577	14,441	49,478	1,935	-	135,523
Structural Steel	231,088	123,471	37,306	151,601	9,060	36,177	588,704
Trucking & Hauling	380,756	100,537	15,437	131,094	12,149	89,819	729,793
Underground Tunnel Work	1,787,383	-	-	26,015	-	-	1,813,397
	5,798,846	1,557,331	319,658	1,956,611	143,367	895,704	10,671,519

Employment Summary

As of October 15, 2008, 467 construction workers in thirteen trades have worked 74,940 hours on the five active projects, earning wages in the amount of \$2,631,133. The following tables titled Employment Summary - San Francisco Local Projects and Employment Summary – Regional Projects summarize cumulative employment under the WSIPLA as of October 15, 2009.

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 was written by the LRCP and 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.

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. Fifteen disadvantaged San Francisco residents have been placed on the five active projects in five trades and worked 3,373 hours, earning wages of \$83,875. The fifteen first-source placements represent 3.26% of the total workers employed, 4.5% of the hours worked and 3.09% of the total wages. The table on the following page summarizes first-source hiring on the WSIPLA as of October 15, 2009.

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San Francisco Public Utilities Commission Water System Improvement Program Project Labor Agreement Quarterly Report - First Quarter 2008-2009 Employment Summary - San Francisco Local Projects Includes Electronic Certified Payrolls Recorded as of October 15,2008									
	Total Workers Reported all Projects	Total Wages	Alemany	Forest	Stanford	Total Hours	Alemany	Forest	Stanford
			Pump Station	Knolls Pump Station	Heights Reservoir		Pump Station	Knolls Pump Station	Heights Reservoir
Total Craft Employment									
ASBESTOS REMOVAL	3	1,320	\$ 1,320			48			
BRICKLAYER, BLOCKLAYER	7	12,617			12,617	322	48		322
CARPENTER	62	873,363	269,582	153,461	450,320	24,009	6,830	4,455	12,725
CEMENT MASON	22	32,603	16,281	1,830	14,492	917	460	64	393
ELECTRICIAN	26	190,698	118,923	18,656	53,118	3,776	2,208	330	1,238
FIELD SURVEYOR	12	15,159	1,197		13,961	164	36		128
IRON WORKER	92	198,514	36,608	31,063	130,844	6,678	1,303	1,048	4,327
LABORER	131	801,809	157,371	99,820	544,618	26,039	5,666	3,566	16,807
OPERATING ENGINEER	37	168,587	84,668	61,494	22,425	4,839	2,415	1,765	660
PAINTER	1	12,026			12,026	307			307
PILE DRIVER	1	55,044	55,044			1,059	1,059		
PLUMBER	8	14,457	12,825	1,632		274	242	32	
ROOFER	8	19,240			19,240	666			666
Total Payroll	410	\$ 2,395,437	\$ 753,820	\$ 367,956	\$ 1,273,661	69,097	20,266	11,260	37,571
First Source Placements									
CARPENTER	5	37,887	6,089	31,458	340	1,571	283	1,273	16
ELECTRICIAN	1	14,083	14,083			540	540		
IRON WORKER	1	892			892	45			45
LABORER	6	27,469	5,703		21,765	1,077	226		851
OPERATING ENGINEER	1	1,347	1,347			63	63		
Total First Source	14	81,678	27,223	31,458	22,997	3,295	1,111	1,273	912
Percent First Source	3.41%	3.41%	3.61%	8.55%	1.81%	4.77%	5.48%	11.30%	2.43%

San Francisco Public Utilities Commission Water System Improvement Program Project Labor Agreement Quarterly Report - First Quarter 2008-2009 Employment Summary - Regional Projects Includes Electronic Certified Payrolls Recorded as of October 15,2008							
	Total Workers Reported all Projects	Total Wages	Harry	Standby	Total Hours	Harry	Standby
			Tracy Water Treatment Plan	Power Facilities		Tracy Water Treatment Plan	Power Facilities
Total Craft Employment							
CARPENTER	6	56,286	20,601	35,685	1,400	489	911
ELECTRICIAN	12	72,569	17,825	54,744	1,192	336	856
IRON WORKER	5	2,705		2,705	78		78
LABORER	24	69,482	34,783	34,699	2,332	1,191	1,141
OPERATING ENGINEER	7	19,163	15,093	4,070	449	339	110
PILE DRIVER	3	15,492		15,492	393		393
Total Payroll	57	\$ 235,696	\$ 88,301	\$ 147,395	5,843	2,355	3,489
LABORER	1	2,197	2,197		78	78	
Total First Source	1	2,197	2,197	-	78	78	-
Percent First Source	1.75%	0.93%	2.49%	0.00%	1.33%	3.31%	0.00%

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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 Oct. 15, 2008 was 12.2%.

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	Total Workers Reported		
	all Projects	Total Hours	Total Wages
Apprentices			
ASBESTOS REMOVAL WORKER (LABORER)			
BRICKLAYER, BLOCKLAYER	2	112	3,483
CARPENTER AND RELATED TRADES	12	3,903	108,319
CEMENT MASON	1	5	87
ELECTRICIAN	4	848	19,732
FIELD SURVEYOR	1	6	176
IRON WORKER	31	2,329	48,056
LABORER AND RELATED CLASSIFICATIONS	2	311	7,034
OPERATING ENGINEER	1	63	1,347
PAINTER			
PILE DRIVER (CARPENTER)			
PLUMBER			
ROOFER	2	210	3,884
Total Apprentices	<u>56</u>	<u>7,785</u>	<u>192,118</u>
Journeyman			
ASBESTOS REMOVAL WORKER (LABORER)	3	48	1,320
BRICKLAYER, BLOCKLAYER	5	210	9,134
CARPENTER AND RELATED TRADES	54	21,506	821,331
CEMENT MASON	21	912	32,516
ELECTRICIAN	33	4,120	243,535
FIELD SURVEYOR	11	158	14,983
IRON WORKER	63	4,428	153,163
LABORER AND RELATED CLASSIFICATIONS	152	28,059	864,256
OPERATING ENGINEER (HEAVY AND HIGHWAY)	43	5,226	186,402
PAINTER	1	307	12,026
PILE DRIVER (CARPENTER)	4	1,452	70,536
PLUMBER	8	274	14,457
ROOFER	6	456	15,355
Total Journeyman	<u>404</u>	<u>67,155</u>	<u>2,439,015</u>
Total Employment	<u>460</u>	<u>74,940</u>	<u>2,631,133</u>
Apprenticeship Utilization			
ASBESTOS REMOVAL WORKER (LABORER)	0.0%	0.0%	0.0%
BRICKLAYER, BLOCKLAYER	28.6%	34.8%	27.6%
CARPENTER AND RELATED TRADES	18.2%	15.4%	11.7%
CEMENT MASON	4.5%	0.5%	0.3%
ELECTRICIAN	10.8%	17.1%	7.5%
FIELD SURVEYOR	8.3%	3.7%	1.2%
IRON WORKER	33.0%	34.5%	23.9%
LABORER AND RELATED CLASSIFICATIONS	1.3%	1.1%	0.8%
OPERATING ENGINEER (HEAVY AND HIGHWAY)	2.3%	1.2%	0.7%
PAINTER	0.0%	0.0%	0.0%
PILE DRIVER (CARPENTER)	0.0%	0.0%	0.0%
PLUMBER	0.0%	0.0%	0.0%
ROOFER	25.0%	31.5%	20.2%
Total Employment	<u>12.2%</u>	<u>10.4%</u>	<u>7.3%</u>

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

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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’s 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 October 15, 2008, 433 people had been cleared to work, 9 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 the five most recent summarization dates.

	May 30, 2008	July 25, 2008	Aug. 20, 2008	Sept. 15, 2008	Oct. 10, 2008
<u>Individuals Cleared to Work</u>					
Alemany Pump Station	69	103	114	134	158
Forest Knolls Pump Station	18	48	56	62	71
Harry Tracy Water Treatment Plant			13	27	44
Standby Power Facilities	10	13	20	20	20
Stanford Heights Reservoir	96	123	125	127	140
	<u>193</u>	<u>287</u>	<u>328</u>	<u>370</u>	<u>433</u>
<u>Individuals Eligible to Re-Test</u>					
Alcohol	1	1	1	1	1
Cocaine		1	1	1	1
Dilute - Amphetamines	1	1	1	1	1
Marijuana	3	5	5	5	5
Refused to Test	1	1	1	1	1
	<u>6</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>
<u>Percent Positive</u>					
Alcohol	0.50%	0.34%	0.30%	0.26%	0.23%
Cocaine	0.00%	0.34%	0.30%	0.26%	0.23%
Dilute - Amphetamines	0.50%	0.34%	0.30%	0.26%	0.23%
Marijuana	1.51%	1.69%	1.48%	1.32%	1.13%
Refused to Test	0.50%	0.34%	0.30%	0.26%	0.23%
	<u>3.02%</u>	<u>3.04%</u>	<u>2.67%</u>	<u>2.37%</u>	<u>2.04%</u>

Environmental Review

The following Building Trades Unions provided testimony in support of WSIP construction at San Francisco Planning Commission Hearings:

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- Barry Luboviski – Alameda County Building and Construction Trades Council
- Michael Theriault – San Francisco Building and Construction Trades Council
- Ron Myers – Laborers’ International Union of North America
- William Nack – San Mateo County Building and Construction Trades Council

William Nack provided testimony at the San Mateo County Planning Commission.

The following Building Trades Unions provided letters of support for WSIP construction to the San Francisco Planning Commission:

- Robert Alvarado – Northern California Carpenters Regional Council
- Russ Burns – Operating Engineers Local Union No. 3
- Jose Moreno – Northern California District Council of Laborers