

Final Fiscal Impact Analysis
Ballot Measure:
“Fair and Open Competition in Construction Ordinance”

The ballot measure states that except as required by State or federal contracting or procurement obligation, or as a condition of the receipt of State or federal funds, the City shall not require a contractor on a construction project to participate in a Project Labor Agreement (PLA) as a contract condition. It is uncertain whether the City would lose State assistance for City construction projects as a result of voter approval of this ballot measure. California Public Contract Code, Section 2502 prescribes that if a governing body, such as the City Council, is prohibited from *considering* a PLA for a City construction project, then State funding or financial assistance shall not be used for the project.

A legal interpretation of Section 2502 would be required to determine whether the City’s receipt of State funds for construction projects will be affected by the ballot measure. State funding for the City varies from year to year. Major State funding awarded to the City in fiscal years 2010 and 2011 was approximately \$36 million and \$158 million, respectively.

The requirement of the ballot measure to post the text of all construction project contracts over \$25,000 in a given year (including redacting proprietary information and presenting certain other information) is preliminarily estimated to cost **\$450,000** annually, in addition to **\$500,000** in set-up costs.

Whether the use of a PLA on a construction project would add to the cost of a project is a widely debated matter. Some studies indicate that PLA’s increase project costs, while others dispute the analysis and the conclusions of such studies.