AGENDA
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES REGULAR MEETING
July 22, 2015, 6:00 p.m.
District Office Board Room
3401 CSM Drive, San Mateo, CA 94402

NOTICE ABOUT PUBLIC PARTICIPATION AT BOARD MEETINGS

The Board welcomes public discussion.

- ***The public's comments on agenda items will be taken at the time the item is discussed by the Board.***
- ***To comment on items not on the agenda, a member of the public may address the Board under "Statements from the Public on Non-Agenda Items;" at this time, there can be discussion on any matter related to the Colleges or the District, except for personnel items. No more than 20 minutes will be allocated for this section of the agenda. No Board response will be made nor is Board action permitted on matters presented under this agenda topic.***
- ***If a member of the public wishes to present a proposal to be included on a future Board agenda, arrangements should be made through the Chancellor's Office at least seven days in advance of the meeting. These matters will be heard under the agenda item "Presentations to the Board by Persons or Delegations." A member of the public may also write to the Board regarding District business; letters can be addressed to 3401CSM Drive, San Mateo, CA 94402.***
- ***Persons with disabilities who require auxiliary aids or services will be provided such aids with a three day notice. For further information, contact the Executive Assistant to the Board at (650) 358-6753.***
- ***Regular Board meetings are recorded; recordings are kept for one month.***
- ***Government Code §54957.5 states that public records relating to any item on the open session agenda for a regular board meeting should be made available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to the members of the Board. The Board has designated the Chancellor's Office at 3401 CSM Drive for the purpose of making those public records available for later inspection; members of the public should call 650-358-6753 to arrange a time for such inspection.***

6:00 p.m. ROLL CALL

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

MINUTES

15-7-2 Approval of the Minutes of the Study Session of July 8, 2015

PRESENTATION TO THE BOARD BY PERSONS OR DELEGATIONS

15-7-3C Presentation of SEWUP Safety Recognition Award for the Cañada College Solar Project – Rick McHale, Keenan & Associates

STATEMENTS FROM EXECUTIVES

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

NEW BUSINESS

15-7-2A Approval of Personnel Items: Changes in Assignment, Compensation, Placement, Leaves, Staff Allocations and Classification of Academic and Classified Personnel

Approval of Consent Agenda

All items on the consent agenda may, by unanimous vote of the Board members present, be approved by one motion after allowing for Board member questions about a particular item. Prior to a motion for approval of the consent agenda, any Board member, interested student or citizen or member of the staff may request that an item be removed to be discussed in the order listed, after approval of remaining items on the consent agenda.

15-7-1CA Approval of Budgetary Transfers for the Period Ending May 31, 2015 and Adoption of Resolution No. 15-25 Authorizing Budget Transfers for 2014-15

15-7-2CA Approval of International Student Insurance Program, 2015-16

15-7-3CA Approval of Student Accidental Injury Insurance Program, 2015-16

OTHER RECOMMENDATIONS

15-7-100B Approval of Contract Award for ASL Interpreting Services and CART Translation Services

15-7-101B Ratification of Agreement with the Westin St. Francis for the Skyline College Center for International Trade Development's "Integrating Global Trade & Logistics and Cybersecurity" (IGTLC) Conference

15-7-102B Authorization and Utilization of Las Lomitas Elementary School District Contract with Enviroplex, Inc. for Purchase of Portable Buildings for Team Rooms at Skyline College and Cañada College

15-7-103B Approval of Agreements for Districtwide Moving Services: Office Furniture and Equipment

15-7-104B Approval of Revisions to Board Policy 8.06, Investment of District Funds

15-7-105B Acceptance of Contract to Retain the Services of Brightline Defense Project to Explore and Analyze a Local Hire Requirement for the District's Construction Program

INFORMATION REPORTS

15-7-4C Report on Extended Opportunity Programs and Services (EOPS) – Cañada College, College of San Mateo and Skyline College

15-7-5C Discussion of Program Labor Stabilization Agreement

15-7-6C Third Quarter Report of Auxiliary Operations, 2014-15

COMMUNICATIONS

STATEMENTS FROM BOARD MEMBERS

RECESS TO CLOSED SESSION

1. Conference with Labor Negotiator
   Agency Negotiator: Eugene Whitlock
   Employee Organization: AFT

2. Conference with Legal Counsel-Anticipated Litigation Pursuant to Subdivision (c) of Section 54956.9: one case

CLOSED SESSION ACTIONS TAKEN

ADJOURNMENT

Minutes of the Study Session of the Board of Trustees
San Mateo County Community College District
July 8, 2015, San Mateo, CA

The meeting was called to order at 5:15 p.m.

Board Members Present: President Patricia Miljanich, Vice President Dave Mandelkern, Trustees Richard Holober, Tom Mohr and Karen Schwarz, Student Trustee Rupinder Bajwa

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Kathy Blackwood, Cañada College President Larry Buckley, College of San Mateo President Michael Claire, Skyline College Vice President of Administrative Services Eloisa Briones

CLOSED SESSION
Personnel Item: Public Employee Discipline, Dismissal, Release

CONVENE TO OPEN SESSION
The Board convened to Open Session at 6:55 p.m.

CLOSED SESSION ACTIONS TAKEN
President Miljanich reported that no actions were taken at the Closed Session that was just concluded.

DISCUSSION OF THE ORDER OF THE AGENDA
None

MINUTES
It was moved by Trustee Holober and seconded by Trustee Schwarz to approve the minutes of the Board meeting of June 24, 2015. The motion carried, all members voting "Aye."

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS
Richard Hedges, a resident of San Mateo, said he is a member of the California State Board of Barbering and Cosmetology. He raised the idea of training prisoners in county jails to do barbering, esthetician work and manicuring. He said 80% of those who work in these fields are independent contractors who rent chairs; therefore, they do not need to complete applications and there is no need for anyone to know about their criminal records. He said he believes there could be a pilot program in the new San Mateo County jail that could be a model for the rest of the State. He said there are also apprenticeship programs in these fields. Mr. Hedges said he can be contacted if there is interest in this idea and he can set up meetings with the Executive Director of the State Board.

Mr. Hedges said he also is a member of the Metropolitan Transportation Commission's Advisory Board. He said a subcommittee has been formed, chaired by AlanTalansky, to develop ideas regarding an oil extraction fee, including setting up an income fund, investing the money and using the proceeds for below market rate housing for community college districts and other socially responsible areas. Mr. Hedges said California is the only state without an oil extraction fee but pays fees as it imports oil from other states.

NEW BUSINESS

APPROVAL OF PERSONNEL ITEMS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (15-7-1A)
It was moved by Trustee Schwarz and seconded by Trustee Mohr to approve the actions in Board Report No. 15-7-1A. The motion carried, all members voting "Aye."

STUDY SESSION

DISCUSSION OF DRAFT OF DISTRICT STRATEGIC PLAN (15-7-1C)
Executive Vice Chancellor Blackwood said the Strategic Plan distributed to the Board is still in draft form. She said the development of the Plan has been ongoing for more than a year, with numerous sessions being held at the Colleges. Trustees

Holober and Mohr served on the Steering Committee and provided invaluable guidance. The Plan will be a living document and annual updates will be provided. The Plan will be a major item for discussion at the Board's annual retreat. Work will continue on items that arose during the process, including a data dashboard. Executive Vice Chancellor Blackwood said the draft is being brought to the Board in order to solicit advice and comments from all Board members.

Trustee Holober said it is critical to measure progress on goals that are established and to periodically report to the Board on progress. He said Trustee Mohr played a crucial role in adding this requirement to the Plan. He said that as results are measured, the goals can be adjusted as needed.

Trustee Mohr said governing boards have two major duties: (1) hire the Chancellor and (2) provide direction to the District, in company with the Chancellor and Colleges, with regard to teaching and learning and performance of students. He said the Strategic Plan focuses on the basic mission of the District to deliver curriculum and assess its impact on students. It provides direction on the goals, reporting structure, data to be used, and research to determine progress toward achieving the goals. Trustee Mohr said the District is striving to become the best community college district in the State.

Trustee Mohr said another area of interest in the Strategic Plan is the investment in the teaching process. He said the quality of pedagogy and connection between teachers and students is critical to success. He said the Plan contains many statements about innovation, investing in training for faculty, and helping faculty adjust to best practices.

Trustee Schwarz complimented those who worked on the Plan; she said it addresses all matters that the Board has discussed in the past. She asked for information about the consultant who was hired and about the process of vetting the Plan at the Colleges. Executive Vice Chancellor Blackwood said the District worked initially with Rick Voorhees' consulting firm which was responsible primarily for the graphs and data included in the Plan, although Mr. Voorhees relied heavily on data provided by the College researchers. She said four open forums were held at each campus during the process of developing goals and strategies and determining metrics. Useful feedback was provided through these forums and was incorporated into the Plan as it developed over time. In addition to the Steering Committee – consisting of Trustees Holober and Mohr, Chancellor Galatolo, Executive Vice Chancellor Blackwood, Barbara Christensen and the three College Presidents – a working group that included the College researchers was appointed. Executive Vice Chancellor Blackwood said she anticipates that the final Plan will be taken to the Colleges in the fall. In addition, resources to go with the Plan have been allocated and the Colleges will need to know what the resources are and what the first steps will be.

Vice President Mandelkern thanked Trustees Holober and Mohr for their participation on the Steering Committee. He also thanked Executive Vice Chancellor Blackwood for shepherding the process and asked that she pass his thanks on to her colleagues who worked on the Plan.

The Board held an extensive discussion regarding the goals and strategies contained in the Plan, including:

- The statement in the Introduction that the Strategic Plan signals a "new era" for the District; the fact that this refers to the District being locally funded, allowing more freedom and flexibility with regard to pursuing goals, could be explained more explicitly.
- The mention of "social justice" under Overarching Themes – definition and clarity could be provided; Chancellor Galatolo asked for direction on whether this refers only to students or includes faculty and staff and possibly the community at large. The Board also discussed increased access for poor and underrepresented populations; the use of outside contractors as it relates to equity and social justice; and the need for clear framing and parameters regarding broader community.
- Reference to a "more student-centric definition of student success" under Overarching Themes; this is an important goal and might need more explicit language on how to go about developing the definition.
- Placement of list of Districtwide Strategies; discussion of whether this list should come before the Strategic Goals or follow the Goal to which each Strategy is tied.
- Strategic Goal #2 – deals largely with relationships with feeder schools; strategies seem to address a mix of access and success and it might be helpful to have a finer division between Goals #1 and #2.
- Strategic Goal #4 regarding "development of innovative sources of revenue. . ." – "revenue" is appropriate when referring to grants but question of whether "contribution" might be a more accurate metric for other areas, e.g. international student program, contract education and athletic club(s).
- Importance of keeping goals and strategies student-centered; focus should remain on education.
- Suggestion to undertake a SWOT analysis; group discussion of strengths, weaknesses, opportunities and threats can reveal important information.

- Importance of maintaining rigor in program review.
- Examination of classes that begin with full enrollment and end up being under-enrolled; determine reason.
- Use of benchmark data; setting goals on completion, retention, graduation rates, etc.
- Concern that goal to increase the number of students achieving certain letter grades could lead to grade inflation.
- Need for balance between online and face-to-face instruction; students should have choice in delivery method.
- Importance of using multiple measures for placing students in basic skills classes.
- Effect of quality instruction on student success; importance of development and training opportunities.
- Support for the Districtwide Strategy to "continually explore and implement interventions that benefit all students, with particular emphasis on students with high potential and limited resources."

Executive Vice Chancellor Blackwood said the Board's suggestions and comments will be useful in finalizing the Plan.

INFORMATION REPORT ON INCORPORATING A LOCAL HIRE REQUIREMENT INTO THE PROGRAM LABOR STABILITZATION AGREEMENT (15-7-2C)

José Nunez, Vice Chancellor of Facilities Planning, Maintenance and Operations, said that in January 2015, the Board appointed a subcommittee to study adding a local hire component into the District's Project Labor Agreement (PLA). The subcommittee was comprised of Trustees Holober and Schwarz, Vice Chancellor Nuñez and Director of Facilities Planning and Operations Karen Powell. Chancellor Galatolo, Vice Chancellor Eugene Whitlock and Director of Capital Projects Chris Strugar-Fritsch served in supporting roles. The subcommittee met with Eddie Ahn of the Brightline Defense Project, who served as a consultant for the San Francisco local hire ordinance, and with a representative from CityBuild, a San Francisco construction job training program. Staff also reached out to the San Mateo and San Francisco Building and Trades Councils and met with local general contractors and subcontractors and cost estimating consultants.

Vice Chancellor Nuñez discussed the San Francisco local hire ordinance. When it was initiated in 2010, the City's unemployment rate was 10-12%. It required that 20% of hours worked be local at the beginning of the program, with planned annual increases up to 50% in 2018. The goal is currently frozen at 30%.

Vice Chancellor Nuñez said the District would face challenges in implementing a local hire requirement, including:

- Difficulty in securing data – the data staff has been able to secure is largely anecdotal.
- The cost of the District's construction program is less the one-half billion dollars, while San Francisco had a multi-billion dollar program.
- The District does not have local resources, such as a County Office of Workforce Development or complementary CityBuild partner, to help put a program in place.
- Because of the construction boom in San Mateo County, contractors could be selective and may not want to compete due to these additional requirements.
- The unemployment rate in San Mateo County is currently 3.16%.

Trustee Holober said the Board must determine its intent and goals along with determining what is reasonable and realistic. He said a local hire program would have two elements – local hire percentages and percentages from census tracts that are poverty areas. Two populations are involved in local hire programs – journey-people and apprentices. Trustee Holober said the District's tools may be greater for the apprenticeship population because of the Trades Introduction Program (TIP) pre-apprenticeship program and JobTrain. Trustee Holober said he believes it is possible to achieve a local hire program for the District. He said he believes it would make sense to hire Brightline in a consulting capacity to help the District design a program.

Trustee Schwarz said she is impressed with the TIP program and would like to explore the possibility of connecting that program with contractors who would sponsor graduates of the program. She said she supports enhancing education that would eventually lead to the goal of hiring local people from impoverished areas for college projects.

Trustee Mohr said the two issues to be considered are the PLA and a local hire program. He said there are two overarching frames of reference – what is in the interest of students and what is the Board's fiduciary responsibility. He said the public's expectation is that their financial support will be used to support education for students and, therefore, the Board must seriously consider the cost differential when discussing a PLA and a local hire program.

Vice President Mandelkern said he does not believe the PLA is part of this discussion. He said the District has had a PLA in the past and he believes it will continue to have a PLA. Vice President Mandelkern said the discussion on local hire is

related to the previous discussion on social justice, with consideration about whether a portion of the funds provided by County residents should be used to benefit the people of the County or whether the commitment is simply to be as economically efficient as possible. Vice President Mandelkern said there seem to be opportunities around the TIP program. He said he agrees with the suggestion to bring in Brightline or another consultant with no preconceived notions to help with the process.

Trustee Holober said the District is not yet ready to launch construction work. He said a local hire program would be incorporated into a newly negotiated PLA and would be included in bid documents. He said that before a PLA is negotiated and bids are awarded, the Board would decide what the requirements would be and then build a system that is reality based with some flexibility to account for changing conditions. Trustee Holober said TIP is a good program but the District cannot guarantee that the graduates will be hired as apprentices. He said a local hire program would enable young people to leverage the District's construction funds into a middle class future. Trustee Holober said that, unlike staffing necessary to implement the program in San Francisco, a District local hire program would probably require a fraction of a full-time employee and could possibly be contracted out.

President Miljanich said she respects the goal and vision of what the outcome of a local hire program could be in terms of social justice. However, she said she has serious concerns about establishing such a program in our District. She said it is not clear to her that setting up a program and assuring compliance would not require a considerable expenditure of funds. She said she is also concerned because she does not believe this is within the District's core mission as an educational institution. She said that addressing the gap in skills levels of students through programs such as TIP in order to help people build skills and be in a position to become employable is within the District's educational mission.

Trustee Mohr noted that the County's unemployment rate is considerably below the State average and, therefore, questioned the urgency and need for a local hire program. He also asked how a local hire program would fit into the District's goal to educate and prepare people for the modern workplace. He said he believes the District is equipped to provide education and training and this is the path it should take.

Trustee Holober said he met with Bill Nack, former Business Manager of the Building and Trades Council, prior to casting his "Aye" vote for the District's bond measure. He said Mr. Nack said the District has leverage because of the need to negotiate a new PLA. He said he felt that Mr. Nack pledged a positive relationship. Trustee Holober said Vice Chancellor Nuñez and Ms. Powell did a good job trying to secure data but met with resistance; however, he said he felt more hopeful after meeting with Brightline at the last meeting of the subcommittee.

Trustee Holober said the District has completed a variety of innovative things such as green building, which is somewhat peripheral to the educational mission. He said he believes the Board could pursue a local hire program and, with the assistance of expertise outside of the District, could bring back a proposal to consider. He said he believes there is time before construction begins to continue to ascertain what is realistic and attainable.

President Miljanich said she is not in favor of soliciting a proposal for a local hire program. She said that rather than requiring mandatory hiring, she would pursue the strategy of helping people to become legitimately prepared to be employed through education.

Trustee Schwarz said current economic circumstances are different than they were when San Francisco instituted a local hire program and the District is a different entity than a city. She said her major concern is that contractors can be selective because of the amount of construction in the County and might be reluctant to bid on the District's projects if there is a mandatory hiring requirement. She said she does not necessarily object to getting a proposal but does not know how much a consultant would charge to prepare the proposal. Trustee Schwarz said she would like to emphasize working on the educational part of the process, such as the TIP program.

Vice President Mandelkern said San Mateo County as a whole has a low unemployment rate but has varying populations, such as the area east of Highway 101, tech communities and the Coastside, and various demographic groups such as veterans. He said he believes there are opportunities to target certain disadvantaged communities. He said the TIP program is valuable and it would be worthwhile to determine if there is a way to help insure that jobs will be available at the District for graduates of the program. Vice President Mandelkern said he would support getting a proposal from a consultant with expertise in the area of local hire programs to see if a program would be viable for the District.

Trustee Mohr said he is concerned about the escalating cost of the construction projects and does not want to do something that would cause costs to rise more. He said the Board must protect the public's investment and use bond money in a way that will serve students for the next 50 years. Trustee Mohr said he believes that finding ways for the District to train disadvantaged populations for construction work would be more meaningful than setting up mandates for hiring.

Trustee Holober said cost is an unknown factor. He said the construction industry is cyclical and there is a question of whether this is the right time to commence any construction because of skyrocketing costs. Therefore, he said he does not believe the correct approach is to be fixated on today's market conditions. Trustee Holober said San Francisco currently has a 3.5% unemployment rate and is above its 30% local hire goal. He said he does not believe the Board has sufficient information to make a fully informed decision about a local hire program and would like to seek expertise.

Ms. Powell said she was grateful for the participation of Brightline in the subcommittee meeting. She said it highlighted the vast complexity of the San Francisco local hire program which had a broad-based and multi-constituent approach. She said the District is a relatively small entity and she is concerned about how it might be able to harness resources within San Mateo County to get accurate information and vet the data, as well as bringing multiple perspectives and engaging all interested constituents. Vice Chancellor Nuñez added that CityBuild, the pre-apprenticeship program in San Francisco, fed into the San Francisco County's Office of Economic and Workforce Development and became a feeder to the union halls.

Ms. Powell said that during previous times in which it was difficult to get multiple bids for projects, the District learned that subcontractors' participation drove success and the ability to get the work done approximating the project budget. She said a local hire component has the potential to be a disincentive to subcontractors to participate in bidding on projects. Ms. Powell added that the costs to implement a local hire measure do not necessarily decrease due to a smaller magnitude of projects because the program can require the same level of effort.

James Ruigomez, Business Manager/Executive Director of the San Mateo County Building and Trades Council, said he observed how the local hire goals in San Francisco evolved into requirements. He said it could be problematic if contractors are not able to use their set crews because they have to hire local workers because of their zip codes rather than their skill sets. He said dealing with a local hire component in a PLA is a tedious task and could put a wedge between workers. Mr. Ruigomez said numerous studies indicate that PLAs and prevailing wages do not escalate the cost of construction; in fact, not having PLAs and prevailing wages escalates costs because unskilled workers do shoddy work and cost millions of dollars in work that has to be redone. He said PLAs level the playing field and remove wage inequality. He said he believes that trying to implement hiring goals and not mandatory requirements is a good idea.

Trustee Holober said the discussion tonight is about a local hire mandatory provision within the District's PLA. He urged Board members to move forward with learning from Brightline what it would cost to hire Brightline as a consultant for a limited period of time.

Trustee Mohr said he would prefer to work closely with the leadership of local trades and District staff to get their perspective on the realities of San Mateo County and on issues regarding preparing and hiring people.

Trustee Schwarz said she is leaning toward working with the local trades and including goals rather than mandatory requirements in the PLA. She asked Mr. Ruigomez if he believes there is something the District might do to enhance the TIP program educationally so that graduates would have a better chance of securing jobs. Mr. Ruigomez said it could be helpful to have local contractors come to the classes to talk with students about how to get into the trades, what projects they are working on, etc.

Vice President Mandelkern said he does not have enough information at this time to judge whether goals or a requirement is the correct path. He said he would like to get advice from those with expertise, including the building trades. Ms. Powell said she heard clearly at the subcommittee meeting that Brightline's role is to set entities up with a mandatory requirement. Therefore, while she believes Brightline could provide valuable data, she is not sure they would bring an objective and balanced perspective. She suggested that Mr. Ruigomez might provide assistance. Vice Chancellor Whitlock said he believes the first step should be to work with the trades to get data on how many people are out of work, which zip codes are affected, etc. President Miljanich added that information needs to be gathered about how many people who are skilled and ready to take positions are not finding jobs, as well as other questions. Ms. Powell said data from the trades has not been forthcoming and she asked Mr. Ruigomez what the prospect is of securing information from them. Mr. Ruigomez said he can again request information on local unemployment from his affiliates; he said the trades are almost at full employment and the percentage of unemployed will be very low. He said he believes contractors have enough workers

from San Mateo County who are working in other counties and could be shifted to District construction jobs and easily reach the goal of 5% for journey-people and apprentices. Mr. Ruigomez said Brightline wants a mandatory requirement because their fees are justified by penalties. Trustee Holober said his understanding is that Brightline is not funded by San Francisco, but is funded by philanthropic grants.

Trustee Holober said that if Board members have an open mind regarding any possibility of a mandatory program, he believes they should work with Brightline because it is the entity that can pull together enough information to allow Board members to make an informed decision. If Board members do not have open minds to even contemplate a mandatory program, he believes they should not move forward.

Trustee Schwarz said she can keep an open mind and listen to a presentation by Brightline before making a decision.

President Miljanich said she is open minded about many things but has a difference in philosophy on this issue. She said she does not support mandatory requirements or the significant involvement of the many people and work hours that would be needed to set up such a program, especially given the low unemployment rates locally.

Vice President Mandelkern said he does not know if a mandatory requirement would work and he would like to learn more about what the percentages would be. He said there is a significant difference between hiring journey-people who live in San Mateo County vs. focusing on creating opportunities for apprentices who go through the TIP program and he would like to have a better understanding of this issue. Vice President Mandelkern said he needs more information in order to make an informed decision and he has an open mind to learn more about a possible local hire program.

Trustee Mohr said "open mind" and "closed mind" have not been defined in terms of this discussion. He said he is uncomfortable with the idea of a mandate because of the rising cost of construction in general. He said he would prefer to work with District staff and Mr. Ruigomez and his colleagues, who have knowledge and understanding of San Mateo County, and ask them to recommend whether a mandate is feasible. Trustee Mohr said he does not believe that making a greater commitment to a mandate by bringing in a consultant is the correct approach.

President Miljanich said it appears that three Board members are interested in moving forward and she directed staff to work with Brightline or another entity, while understanding that it does not reflect a commitment to a mandatory local hire program. Ms. Powell said staff will begin the process of securing a proposal from Brightline and possibly other consultants.

STATEMENTS FROM BOARD MEMBERS

Trustee Mohr said Ted Kruttschnitt, whom he has known for approximately 25 years, contacted him to say he would like to consider providing scholarships for students in the District. Trustee Mohr introduced Mr. Kruttschnitt to Foundation Executive Director Stephani Scott. Ms. Scott formed a committee comprised of Gus Petropoulos, Margie Carrington and Trustee Mohr; the committee held meetings over a nine-month period. Mr. Kruttschnitt has agreed to provide scholarships in the amount of $6,000 per student per year to a cohort of 30 students. Each student will receive the scholarship for two years for a total of $12,000. After the first year, Mr. Kruttschnitt will be providing scholarships in the amount of $360,000 per year. Students in the cohort will be expected to be full-time students, have a clear education plan and clear goals, and maintain a 2.5 Grade Point Average. Mr. Kruttschnitt wants to know that the scholarships will make a difference between recipients being able to be full-time vs. part-time students. President Miljanich suggested that the Board send a letter of appreciation to Mr. Kruttschnitt and perhaps follow up with another form of recognition.

Vice President Mandelkern said there was a recent newspaper article about some difficulties the South San Francisco School District had when using the lease-leaseback financing method for modular classrooms; he said there might be lessons learned from this experience. Chancellor Galatolo said there is also a recent case, Davis v. Fresno, in which the plaintiff challenged the use of the lease-leaseback contract that the Fresno Unified School District had awarded to Harris Construction for the construction of a middle school. Chancellor Galatolo said Vice Chancellor Whitlock, in his capacity as General Counsel, has been investigating other financing methods and a full report will be made to the Board.

Vice President Mandelkern said there have also been articles about the new UC transfer path for community colleges, with ten majors being identified and ten to follow in the next year. He said he would be interested in a report to the Board on how this will affect what the Colleges do in terms of educational planning and preparing students for transfer.

Trustee Schwarz said she attended retirement parties for Robin Richards and Mike Tyler at Cañada College and she wished them both well. Trustee Schwarz said the Board received a letter from Barbara Beno, President of the ACCJC, outlining

changes to accreditation practices. She asked if there were comments regarding the changes. Chancellor Galatolo said he was asked to testify before the State Assembly Higher Education Committee; he was not able to do so and President Claire will testify in his place. Chancellor Galatolo said he believes the Commission is reacting to pressure because there are more affirmations of colleges recently; however, he believes the Commission is still far from healthy. He said the taskforce on accreditation in the State Chancellor's Office may recommend that the ACCJC be folded into WASC-Jr.

In response to Mr. Hedges' earlier comments, Trustee Holober suggested that the Board look into what is currently being proposed in terms of a severance tax. Chancellor Galatolo said staff will investigate this item.

Student Trustee Bajwa said the California Community College Association of Student Trustees will hold a conference in August and will hold elections for its next Board. Student Trustee Bajwa said he currently holds the position of Director of External Affairs.

President Miljanich said she received copies of the "Find Your Future HERE" brochure from Barbara Christensen and they have been very well received by the students with whom she works. Chancellor Galatolo said copies of the brochure will be sent to Board members.

RECESS TO CONTINUATION OF CLOSED SESSION

President Miljanich said that during Closed Session, the Board will:

1. hold a conference with District Labor Negotiator Eugene Whitlock; the employee organization is AFT
2. hold a conference with legal counsel regarding two cases of anticipated litigation as listed on the printed agenda

The Board recessed to Closed Session at 10:02 p.m.
The Board reconvened to Open Session at 10:45 p.m.

CLOSED SESSION ACTIONS TAKEN

President Miljanich reported that no actions were taken at the Closed Session that was just concluded.

ADJOURNMENT

It was moved by Vice President Mandelkern and seconded by Trustee Mohr to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 10:46 p.m.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the July 22, 2015 meeting.

Dave Mandelkern
Vice President-Clerk

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-3C

PRESENTATION OF SEWUP SAFETY RECOGNITION AWARD FOR THE CAÑADA COLLEGE SOLAR PROJECT – RICK McHALE, KEENAN & ASSOCIATES

There is no printed board report for this agenda item.

Skyline COLLEGE
ACHIEVE

President's Report to the Board of Trustees

Dr. Regina Stanback Stroud

Students at Skyline College
Photo Credit: Knarl Stuart

Middle College Merges High School & Higher Education

Bridging the gap from high school to college is easier said than done. But a new program championed by Skyline College and the South San Francisco Unified School District aims to create an alternative pathway to higher education for high school students.

The Middle College at Skyline College will allow students from El Camino and South San Francisco high schools to take both high school and college courses at the same time on the Skyline College campus. Enrollment is still open, but by the 2015 fall semester, fifty eleventh grade students will enroll in Middle College, and that number is expected to double by fall 2016.

The program is tuition free, and it is intended to accelerate students' academic progress and career goals while helping them contribute to their community.

To be eligible for the program, the students must have a minimum 2.0 grade point average and must be on track to graduate on time. They should be either motivated high achievers, or gifted but not thriving in the high school environment, or capable of academic success but falling short of their potential.

Students will attend four high school classes in English, social sciences, career education and learning skills. In addition, they will take a minimum of six units of college courses per semester. A variety of Skyline College student services such as tutoring, academic advising, and the college library will be bundled for easy access to ensure students' success in the Middle College program.

The program is designed to provide students with the opportunity to earn a high school diploma while collecting units toward an associate degree and the opportunity to transfer to a 4-year university.

Students will also have the option of taking career-focused programs such as sterile processing, paralegal assistant, computer information, emergency medical technology, paralegal, solar technology, network engineering, among other employable certificates that allows certificate holders to enter the workforce and earn a "living wage."

Students are expected to participate in community service learning activities to develop leadership skills that will contribute back to the social, economic and political landscape of the community that they live in.

Article by Connor Fitzpatrick.

Skyline College Students Heading to Guatemala for International Service Learning Project

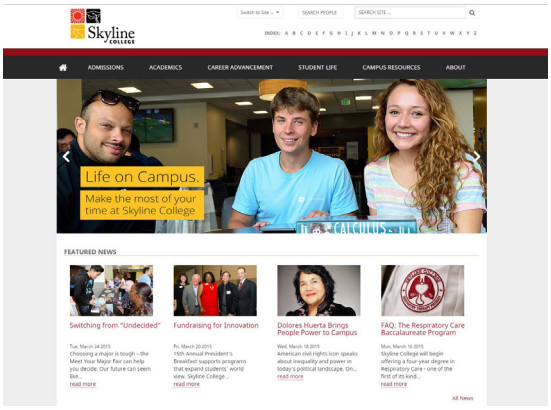
The SMCCCD Study Abroad Program has organized an international service learning project in Guatemala for eight students who participated in and successfully completed Skyline College's African Diaspora Mentorship Program last semester. The service learning component, the capstone of the Mentorship Program, was a vision of the late Dean Richard Soyombo, former Dean of Global Learning Programs and Services division.

Each student received a scholarship of $1,800 from the President's Innovation Fund in 2014/15 that covered international airfare, accommodation, volunteer fees, health insurance, ground transportation and meals during the project. Students contributed $250 each towards their own expenses. Organized in collaboration with International Volunteer HQ – a leading volunteer organization that has worked with institutions such as UCLA, UC San Diego and Carnegie Mellon University on service learning - the international service learning project will take place from August 1 – 8, 2015.

Skyline College students will be volunteering their time at several middle schools in Guatemala teaching students English. The project is led by Professor Danielle Powell and Study Abroad Program Services Coordinator, Alina Din. Students will blog their experiences to keep the Skyline College community updated on their experiences in Guatemala.

Article by Zaid Ghori. Photo by Carolyn Block.

Skyline College Begins New Website Rollout



We are excited to announce that we have officially begun to roll out the redesigned Skyline College website. The rollout will happen gradually, with new sections of the website being migrated to the new design over the following weeks and months.

What's New?

Mobile Friendly:
All new pages, are "mobile friendly," which means they use responsive web design to adapt to different sized mobile devices. In other words, these pages automatically scale up and down to best fit on your laptop, tablet, phone or other device by detecting how big your screen is. That means greater accessibility and ease of navigation for students and staff accessing the Skyline College website from devices other than a desktop computer.

Home Page:
The home page has a clean, dynamic new look designed for greater visual impact, simplicity and ease of navigation. The new design removes some of the clutter that clogged the old page and makes a large slideshow and key featured news stories the centerpiece of the new website – allowing us to better tailor our messaging to students and influence users' immediate perception of the college through the visual cues on our website.

"Portal Pages:"

The black navigation bar at the top of our Home page lists six unique sections of the website including, Admissions, Academics, Career Advancement, Student Life, Campus Resources, and About. We wanted to highlight these important sections by creating new "Overview" pages for each of them – we're calling them "portal pages" internally.

These pages include striking images with an aspirational "tagline," a simplified navigation bar and clear and concise introductory text that highlights the college's offerings and goals within each of these six areas. This new language is student focused, speaking directly to them as opposed to speaking generally about the college.

The Road Ahead
As we move into the coming months, we will be migrating other sections of the website to pages that blend with the new look and feel. This will be a long process and we ask you to be patient. In the meantime, old pages will remain on the old templates.

As with any major new launch, we expect to meet some small bumps in the road, and we also expect to fix them, quickly, as they arise, with a consistent eye towards improvement.

This is an exciting new step for Skyline College. We cater to an increasingly mobile-oriented and technologically-savvy student body – updating our website to reflect this reality is essential to making the student experience the best it can be.

Article by Connor Fitzpatrick.

Skyline College hosted the Annual Facilities Planning, Maintenance & Operations General Session

On July 10, 2015 the Vice Chancellor Nuñez and Executive Director of Facilities Karen Powell gave many thanks of appreciation to the entire Facilities Staff of Cañada College, College of San Mateo, Skyline College and the District Office.
Highlights of the event include:

- Recognized staff who received the Attendance/Safety Award
- 10, 20, and 25 years Recognition Service Awards
- Facilities Employee of the Month and honorable mentions
- Facilities Employee Handbook given to staff
- Know your campus game where pictures are shown to staff and prizes are given for the correct answers

Most importantly, this event brings the entire Facilities Team together.

Vice Chancellor Eugene Whitlock, Vice President Eloisa Briones, Vice President Jan Roecks, AFSCME Business Agent Tina Acree, Swinerton and other key vendors who contributed to games and raffle prizes and helped sponsor the event were also in attendance

Article by John Doctor. Photo by Luis Carranza.

Classified Staff Retreat Encourages Goal Setting and Wellness

Skyline College Classified Executive Board recently hosted its Classified Staff Professional Development Retreat on Tuesday, July 7 from 8:00 a.m. to 4:30 p.m. at the Cañada Vista Clubhouse. With close to 30 Classified Professionals in attendance, the event was overwhelmingly successful. The day included activities and opportunities for staff to learn personal and professional tools that could be applied both personally and professionally. Workshops covered Goal Setting Tips, presented by The Claremont EAP group, Personal Care presented by Jose Bonilla, Head Athletic Trainer at Skyline College, and team building exercises presented by Nina Floro, Program Coordinator for Professional Development and Johnathan Paver, Dean of Academic Support and Learning Technologies. The group was also provided an opportunity to learn more about our community by visiting to the San Mateo County History Museum. The attendees were escorted through the museum on a private tour and had the opportunity to discover our community's heritage.

The retreat served as an excellent way for our Classified Professionals to connect outside of campus, to learn more about each other, and to continue to build on the awareness and respect of others. Many participants in the survey provided to them at the end expressed that they "…liked the opportunity to connect and build relationships with colleagues" they often don't have opportunities to interact with due to their hectic schedules. Others found the interactive group activities allowed for "… us to work together and with others around the campus to address our problem solving task collectively and that was fun!"

Ultimately, this retreat proved to be an overwhelming success and evidence of the great individuals that make up our Classified Professionals at Skyline College. All in attendance found ways to pitch in to support the people hosting the event and even our

facilitators for the workshop. The success of the event was a collective effort organized by dedicated individuals who genuinely care about their colleagues and campus. I was very proud and honored to participate in this event and I look forward to many more successful events such as this in the coming year. Special thanks goes to our Retreat committee members Alana Utsumi (Classified Senate Vice President), Sandra Hatzistratis, Kristina Brower, Michelle Amaral, and Nancy Lamb.

Article by Michelle Hagar.

Fall Semester Opening Day

To kick off the 2015-2016 Academic Year, Skyline College will host Opening Day to welcome all faculty and staff on Friday, August 14, 2015 in the theater, the Friday before Fall classes begin. This is a chance for the campus community to come together and re-energize for another year of focusing on students-first and helping them to achieve their academic goals.

Dr. Regina Stanback Stroud, President of Skyline College will set the tone for the year with the theme of Delivering on our Promise.

The annual Skyline Shines winners from both the community and the college will be announced and awarded, as is tradition at Opening Day.

This year, we are fortunate to welcome and honor 50 faculty and staff to the Skyline College community who are either new to the college or have been promoted or reassigned to new positions. Here's to a year filled with student success!

Article by Cherie Colin. Photo by Knarl Stuart.

Upcoming Events

Success Summit
Friday, September 25, 2015

The Success Summit is a half-day forum designed to bring together business and civic leaders from all sectors to discuss innovative strategies for solving tough issues that affect San Mateo County businesses and residents. In dynamic breakout sessions, participants will meet face-to-face with key decision makers within the county, including elected officials, business and industry leaders, employers and educators and gain insight on how they can effectively work to shape the future of their community and their business.

Breakout sessions will offer knowledge on topics of importance to the region through an overview of current trends and activities presented by a panel of experts, a moderated question and answer session, and the opportunity for attendees to add their voice to the
conversation contributing their perspectives, sharing solutions and providing their choices for shaping forward movement and successful outcomes.
The Success Summit is presented by the President's Council of Skyline College and sponsored by Skyline College, PG&E, San Mateo Credit Union and the San Mateo County/Silicon Valley Convention and Visitors Bureau. The conference will be held in the Student and Community Center, Building 6, 2nd Floor on the Skyline College campus on Friday, September 25, 2015 from 8:00 a.m. – 12:30 p.m. The registration fee is $75 and includes breakfast and materials.

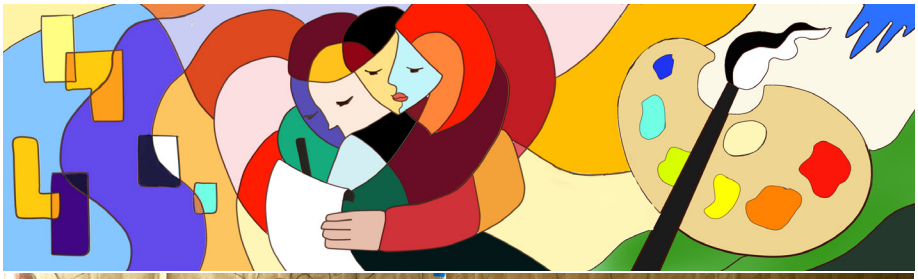
Visit the Success Summit website at www.skylinesuccesssummit.com to register today.

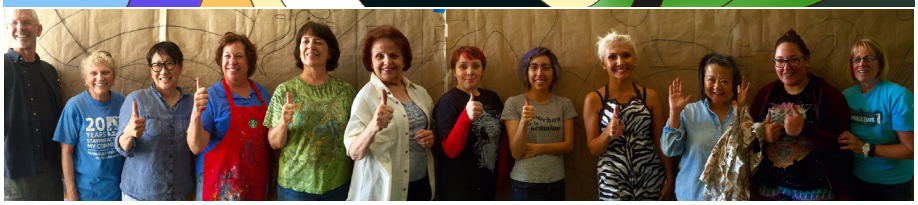
President's Report to the SMCCCD Board of Trustees

President Michael Claire ~ July 22, 2015

Inside...

Art Students Beautify Corridor





CSM art students have transformed a dark and dingy corridor into a vibrant and eye-catching display of public art. A mural designed and painted by student volunteers in the Fine Arts Club titled "The Joy of Making Art," graces the hallway from Beethoven Parking Lot into Building 4's courtyard; the hallway is a major thoroughfare for many students who take public transportation to CSM.

According to Professor of Art Rebecca Alex, a request for a mural originated with CSM Facilities Manager **Michelle Rudovsky**. After seven months of work, a design committee presented a final design to President's Cabinet who approved and funded the project, which included much-needed new lighting. Club members painted the mural during the break between spring semester and summer session. The artistic team included **Yvonne Lee** (chair of the committee), **Tracy Beardsley** (lead designer), **Jinwen Hui** (lead graphic designer), **Mark Saunders, Ellyn O'Toole, Rebecca Alex, Sharon Harris, Ashleigh Evans, Hannah Martinez, Leslie Lopez, Sherri Bayer, Leslie Gomba, Nikky Barros** and **Charlotte Healy**. This is the second campus mural created by CSM art students; the other is on display in the Village (Bldg. 18, Room 112). ▮

College of San Mateo

A Celebration of Classified Staff

Photos by CSM Community Relations and Marketing

On July 14, CSM honored 11 classified employees for 10, 15, 20 and 30 years of service during the annual Classified Appreciation Day and Service Awards Ceremony. The event featured island-style entertainment and a buffet lunch provided by Pacific Dining. Student Emeline Tonga performed a Tahitian dance and gave dance instruction to members of President's Cabinet.

2014–15 Honorees:

30 years - **Helen Souranoff**

20 years - **John Hall • Martha Menendez • Claudia Menjivar • Charles Phan Michelle Schneider**

15 years - **Dante Betteo**

10 years - **Maggie Barrientos • Fauzi Hamadeh • Beverley Madden Thanh Pitetta**

Kudos

~ Professor of Accounting **Bruce Maule** has been named president of the Peninsula/Silicon Valley Chapter of CalCPA. In his role, he will represent the chapter in statewide meetings and meet with local legislators. He has served as a board member and officer of the local chapter for eight years. Bruce writes a monthly "President's Message" to chapter members that appears on the CalCPA Peninsula/Silicon Valley Chapter website (blogs.calcpa.org/psv).

Photo by Sean Arbabi

~ On July 23, CSM alum and former NFL defensive lineman **Ryan Boschetti** will be inducted into the 2015 Peninsula Sports Hall of Fame. Boschetti, a graduate of Carlmont High School, played at CSM in 2000–2001. He was rated the No. 2 junior college player in the nation by JCFootball.com and was credited with 24 quarterback sacks during his two years at CSM. He was also a two-time all-league and all-state selection. Boschetti transferred to UCLA where he recorded 23 tackles on the season to rank fourth among Bruin defensive lineman. In 2004, he was drafted by the Washington Redskins where he spent five seasons before being traded to the Oakland Raiders (2009–2010).

Photo source: ESPN.com

~ **Zac Grotz**, CSM alum and former Bulldog pitcher, was selected in the 28th round of Major League Baseball's First-Year Player Draft by the Houston Astros. He signed with the Astros in late June and is currently throwing with the rookie class of Greenville in the Appalachian League. Grotz was the ace of CSM's starting rotation in 2013; he later transferred to University of Tennessee but unfortunately developed forearm problems. He transitioned to the program at Embry-Riddle where he rediscovered his mechanics and led the school to reach the Avista-NAIA World Series this season.

~ **Beverley Madden** recently participated in a CCPRO/Institutional Effectiveness Partnership Initiative (IEPI)-sponsored call to highlight this new State Chancellor's Office initiative. She and one other community college public information officer are serving as a partnership resource team (PRT) for the initiative. The goal of the call was to share their experience as members of the PRT and to promote greater participation. Twenty-three participants from around the state registered for the call.

IEPI is a collaborative effort to help advance the institutional effectiveness of California Community Colleges and, in the process, significantly reduce the number of accreditation sanctions and audit issues. ▮

UPCOMING EVENTS

ASCSM Welcome Day

Tuesday, August 11
9:00 am – 11:00 am
College Center, Bayview Dining Room

CSM's Opening Day (Flex Day)

Friday, August 14
8:30 am - Continental Breakfast, Theatre
9 am - All-College Meeting, Theatre
11 am – 12:30 pm - Workshops
2–4 pm - Workshops

Student Success Story: Lana Bakour

UCLA, Business Economics

Photo by Alexis Madayag

When Lana Bakour became a full-time college student at CSM, she already had plenty of college experience. During her high school years at Carlmont High School, Lana took college courses through the Concurrent Enrollment Program, and during her senior year, decided to attend Middle College at Cañada College. By the time she graduated from high school, Lana not only knew her way around a college campus, but she had also earned units toward a college degree and completed several college requirements. "From the exposure I had at Cañada, I knew that community colleges had a lot to offer. There was so much support that I felt confident I would succeed," she explained.

Lana's success in college classes and her readiness for college allowed her to appreciate the opportunities available at community colleges. "I needed to figure out how I wanted to contribute to the world. I didn't want to simply attend a four-year university just because of social pressure."

During her two years at CSM, Lana gained a great deal of insight about herself and the international community. "International relations and political science classes changed my life by making me look at the world differently. Thanks to Leighton Armitage, my political science instructor, I learned how to listen and learn from the others' points of view before taking a stance. My philosophy professor, Dr. Jeremy Ball, taught me the art of constructive debate and how to apply it to build credibility. Teachers like Mr. Armitage and Dr. Ball taught me lessons that are beyond the traditional textbook curriculum. They mentored me to see the importance in self-growth in every aspect of my life, which I will carry with me no matter where I go."

To enrich her CSM experience, Lana joined student government, which provided a meaningful avenue for getting involved in school governance, organizing events and finding a group of students who became her friends and shared her desire to help others. "CSM's student government gives students the opportunity to make a difference at the college and state levels. As student leaders, were able to touch on

so many important issues. CSM's administration is very supportive—they listen to our point of view and value our opinions."

In fall 2015, Lana transferred to UCLA where she is currently studying business economics. As she looks back over her two years at CSM, she says, "CSM was supportive every step of the way, both academically and personally. There was no excuse for not succeeding. I am definitely ready to move on to a big university. CSM gave me time and space to think about the person I wanted to become." ▮

Cañada College
report to the
SMCCCD Board of Trustees

July 22, 2015

Edited by Larry G. Buckley, PhD

in this issue:

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pg. 4

pg. 5

Cañada College

Cañada College at ASEE Conference in Seattle

This June 2015 at the Washington Convention Center in Seattle, Cañada College STEM Center programs were strongly represented at the 122nd American Society for Engineering Education (ASEE) annual conference. Engineering professors Amelito Enriquez and Nicholas Langhoff were presented the Best Paper Award from the Minorities in Engineering Division for their paper titled Assessing the Impact of Research Experiences on the Success of Underrepresented Community College Engineering Students. The paper highlights Cañada College's NASA-CIPAIR summer engineering research internship for engineering students. Enriquez and Langhoff were also elected to the Executive Board of the ASEE Two-Year College Division, with Enriquez as the Division Chair and Program Chair for the 2016 ASEE conference, and Langhoff as the Newsletter Editor/Webmaster.

Enriquez and Langhoff also presented the latest results of their National Science Foundation funded project on creating an online lower division engineering laboratory curriculum in a poster presentation titled Work In Progress: Creating Alternative Learning Strategies for Transfer Engineering Programs.

Many other Cañada College STEM programs were also represented this year at the conference. Math professor Ray Lapuz and professor Langhoff co-presented a paper on the college's STEM Institute – a summer outreach program to introduce local high school students to STEM careers. STEM Center Project Director Anna Camacho presented a paper on creating the college's STEM Center. Math professor Denise Hum and Ms. Camacho presented a paper on the college's Math Jam program, and STEM Center Program Services Coordinator and adjunct physics professor Courtney Hadsell presented a paper on the college's Physics Jam program. Congratulations to the STEM faculty and staff that presented and represented the success of Cañada College STEM programs at the ASEE 2015 Annual Conference.

PTK Accomplishments:

Beta Zeta Nu, Cañada College's chapter of Phi Theta Kappa (PTK), completed a successful academic year, filled with several award recognitions and accomplishments. Phi Theta Kappa is the international honor society for two-year colleges and has been acknowledged as one of the premier chapters in the country. Beta Zeta Nu has been named the Most Distinguished Chapter in the Nevada-California Region and the sixth most distinguished chapter out of 1,300 chapters internationally. Some of Cañada College's Beta Zeta Nu's accomplishments this academic year include:

College

- **Presented a panel discussion with ECE experts entitled Growing Up Tech Savvy.**
- **Organized and led the Giving Tree toy donation drive with the Interclub Council for the Redwood City Fire Department.**
- **Organized with V-ROC a coat and sock drive for homeless veterans and veterans in need.**
- **Pause for Doughnuts - brought doughnuts and coffee to the campus facilities and maintenance staff to thank them for their hard work on our campus.**
- **Organized Evening of Academic Excellence to recognize Honor students from local Redwood City high schools.**
- **Outstanding Community Service Project Award for the Giving Tree toy drive, Club Leadership Awards.**
- **Gerald Morlidge receives Interclub Council Leadership Award, Club Leadership Awards.**

State

- **Fadi Aboud-Syriani & Gerald Morlidge - 3rd Team, All California Academic Team.**
- **Jingyuan Yang - Presented at Bay Honors Research Symposium at Stanford University.**

Regional

- **Nimsi Garcia - 2nd Place Distinguished Scholar Award.**
- **Nimsi Garcia - 1st Place Art Static.**
- **Gianfranco Gastelo - 2nd Place Art Static.**
- **Gerald Morlidge - 1st Place Literary Fiction.**
- **Gerald Morlidge - 1st Place Literary Non-Fiction.**
- **Gianfranco Gastelo - 3rd Place Literary Poetry.**
- **Prof. Patty Hall - Horizon Award.**
- **Certificate for PTK Founder's Day event.**
- **Certificate for completion of Regional Project.**
- **Certificate for completion of Community Project.**
- **2nd Place Regional Participation Award.**
- **1st Place Regional Travel Award.**
- **1st Place Regional Honors In Action Project - Theme 9.**

International

- **5 Star Chapter status.**
- **Top 100 chapter out of 1300 chapters internationally.**
- **Co-presented an educational forum at the PTK International Convention in San Antonio entitled Bloom Where You are Planted: Using Local Research Opportunities to Develop a Meaningful Honors in Action Project.**

Congratulations and we look forward to seeing what successes the new school year brings!

Cañada Hosts College for Kids

From June 15 to July 2, Cañada hosted 70 students for College for Kids. The program was an engaging summer camp for students entering fifth through eighth grades. The teaching staff was made up of credentialed instructors from local colleges, public and private schools, and industry professionals with more than a decade of experience. Students engaged in courses such as: Sloppy Science, Pre-Algebra, Yoga, X-Fit, Digital Photography, Reading Power, Tennis.

Cañada Award First Place in Fourth of July Parade

Cañada takes home the gold this 4th of July! "Third times a charm" proved to be true for our Cañadians in the Redwood City 4th of July Parade this year. 2015 marked the third year in a row Cañada has come together to build a float for the parade, and it took nearly 35 Cañada students, faculty, staff, and administrators 450 volunteer hours to put together.

The host of the annual festivities, the Peninsula Celebration Association, boasts "this event, which is the largest Independence Day parade in Northern California, brings entries from across the state to compete for awards and cash prizes." Cañada's hard work designing, cutting, welding, painting, and building paid off—and Cañada took 1st Prize Overall in San Mateo County as well as 1st Prize in Theme.

Planning began in February when the theme of "Fabulous Fifties" was released by the parade hosts. With President Buckley's idea of a Cañada Drive-In, Theater Design and Tech Director Mike Walsh led a team of Student Life and Leadership Volunteers to build a "fabulous" Cañada Drive-In complete with a life-size diner, 8 spinning records that highlighted Cañada Programs, a car-hop serving up degrees and certificates, a 1957 convertible complete with working lights, and 12 individually designed cars that Cañadians wore and performed a synchronized dance routine to "Rock Around the Clock". The colorful site of the Cañada float lit up the crowds that lined up the streets. All participants with the Cañada group couldn't wipe the smiles off their faces once the parade route was done, it was such an honor to hear all of Redwood City chanting "Go Cañada!"

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-2A

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Eugene Whitlock, Vice Chancellor, Human Resources and General Counsel
(650) 358-6883

APPROVAL OF PERSONNEL ITEMS

New employment; changes in assignment, compensation, and placement; leaves of absence; changes in staff allocation and classification of academic and classified personnel; retirements, phase-in retirements, and resignations; equivalence of minimum qualifications for academic positions; and short-term temporary classified positions.

A. ADMINISTRATIVE APPOINTMENT, REAPPOINTMENT, ASSIGNMENT AND REASSIGNMENT

None

B. PUBLIC EMPLOYMENT

1. Employment

Cañada College

Muwafaqu Al-Asad Instructor, Medical Administrative Assisting Business, Design & Workforce

New temporary academic employment, effective August 13, 2015 through December 18, 2015. This position is funded by the California Community College Chancellor's Office CTE Career Advancement Academy grant, which expires February 28, 2016.

Margarita Lozano Student Life & Leadership Assistant Student Services

New full-time, 12-month classified employment, effective August 24, 2015.

College of San Mateo

Estela Garcia College Recruiter President's Office

New full-time, 12-month classified Professional/Supervisory employment, effective August 3, 2015.

Angelica Soria Mendoza	Office Assistant II	Language Arts

New 48%, 12-month classified employment, effective July 22, 2015.

Arianna Avendano	Program Services Coordinator	Counseling

New full-time, 12-month classified employment, effective August 3, 2015.

Katrina Evasco	Program Services Coordinator	Counseling

New full-time, 12-month classified employment, effective August 3, 2015.

Kathryn Goldhahn	Kinesiology Instructor/ Head Women's Volleyball Coach	Kinesiology

New Contract I status academic employment, effective August 13, 2015.

District Office

Jose Mendoza	Custodian	Facilities

New full-time, 12-month classified employment, effective July 13, 2015.

Robert Colon	Custodian	Facilities

New full-time, 12-month classified employment, effective July 27, 2015.

Skyline College

Filipp Gleyzer	Instructor, Automotive Technology	Business, Education & Professional Programs

New Contract I status academic employment, effective August 13, 2015.

2. Re-employment

Skyline College

Paul Rueckhaus	Instructor, Health Sciences	Science/Math/Technology

Recommend approval of an extension for a temporary, categorically-funded academic position (10-month), effective Fall Semester 2015 through February 28, 2016. The position was originally Board approved on June 11, 2014.

Alina Varona	Faculty Coordinator	Office of the VPI

Recommend approval of an extension for a temporary, categorically-funded academic position (10-month), effective Fall Semester 2015 through February 28, 2016. The position was originally Board approved on January 23, 2013.

C. REASSIGNMENT

District Office

Analisa Pineda Administrative Assistant – Chancellor's Office Chancellor's Office

Promoted through the hiring process from a full-time, 12-month Office Assistant II (Grade 18 of the Classified Salary Schedule 60) into this full-time, 12-month classified position at Grade 193C of the Confidential Salary Schedule 50, effective July 15, 2015.

D. TRANSFER

None

E. CHANGES IN STAFF ALLOCATION

Cañada College

1. Recommend a change in staff allocation to add one full-time, 10-month Math Instructor position (Faculty Salary Schedule 80), effective July 23, 2015.

Skyline College

1. Recommend creation of a new classification titled, "Retention Specialist (Funded by Student Equity - Guardian Scholars Program)" position (Grade 24 of the Classified Salary Schedule 60) in Counseling, effective July 23, 2015. Also recommend a change in staff allocation to add one full-time, 12-month Retention Specialist (Funded by Student Equity - Guardian Scholars Program) in Counseling, effective July 23, 2015. This position is a temporary position funded by Student Equity, effective July 23, 2015 through the expiration of the funding.

2. Recommend a change in staff allocation to add one full-time, 12-month Program Services Coordinator position (Grade 27 of the Classified Salary Schedule 60) in Counseling, effective July 23, 2015.

3. Recommend creation of a new classification titled, "Instructional Aide II (Funded by Basic Skills Initiative)" at Grade 22 of the Classified Salary Schedule (60). Also recommend a change in staff allocation to add two 48%, 10-month Instructional Aide II (Funded by Basic Skills Initiative) positions in the Learning Center, effective July 23, 2015. This position is a temporary position funded by Basic Skills Initiative, effective July 23, 2015 through the expiration of the funding.

4. Recommend creation of a new classification titled, "Instructional Aide II (Funded by Student Equity)" at Grade 22 of the Classified Salary Schedule (60). Also recommend a change in staff allocation to add one 48%, 12-month Instructional Aide II (Funded by Student Equity) position in the Center for Transformative Teaching & Learning, effective July 23, 2015. This position is a temporary position funded by Student Equity, effective July 23, 2015 through the expiration of the funding.

5. Recommend a change in staff allocation to delete one full-time Director of Workforce Development Grant position (2FC001) at Grade 192E of the Academic-Classified Exempt Supervisory Salary Schedule 35 and to add one full-time Director of SparkPoint and Career Services position (Grade 192E of the same salary schedule) in Counseling, effective July 23, 2015.

F. LEAVE OF ABSENCE

None

G. PUBLIC EMPLOYEE RETIREMENT AND RESIGNATION

1. Retirement

College of San Mateo

Rickey Ambrose	Accounting Professor	Business/Technology

Retiring as Professor Emeritus, effective July 30, 2015 with 30 years of service. Eligible for District retiree benefits.

Janice Willis	Business Professor	Business/Technology

Retiring as Professor Emerita, effective August 31, 2015 with 38 years of service. Eligible for District retiree benefits.

District Office

Joyce Feimer	Manager of Production Services	ITS

Retiring effective July 31, 2015 with 29 years of District service. Eligible for District retiree benefits.

2. Resignation

Cañada College

Jeffrey Rhoades	Program Services Coordinator	Student Services

Resigning effective July 30, 2015.

Skyline College

Florentino Ubungen	Program Services Coordinator	Enrollment Services

Resigned effective July 1, 2015.

Rhavie Masiglat	Office Assistant II	Counseling

Resigned effective July 16, 2015.

H. ESTABLISHMENT OF EQUIVALENCY TO MINIMUM QUALIFICATIONS

None

I. SHORT-TERM, NON-CONTINUING POSITIONS

The following is a list of requested classified short-term, non-continuing services that require Board approval prior to the employment of temporary individuals to perform these services, pursuant to Assembly Bill 500 and its revisions to Education Code 88003:

Location	*Division / Department*	*No. of Pos.*	*Start and End Date*		*Services to be performed*
Cañada	Counseling	1	07/27/2015	06/30/2016	**Program Services Coordinator:** Assist in the planning, coordination, and implementation of the International Education Program such as recruitment, international orientation, SEVIS and immigration advising, registration, student support, special events, tours, individual and specialized programs.
Skyline	Center for Workforce Development/VPI	2	07/23/2015	02/28/2016	**Retention Specialist:** Support Career Advancement Academy with career pathways and assist with retention and completion.
Skyline	Center for Workforce Development/VPI	1	07/23/2015	02/28/2016	**Program Services Coordinator:** Support the Career Advancement Academy. Duties will include coordinating with outreach to support recruitment efforts, conduct orientations, review applications, conduct Goodwill workshops, manage CAA inventory, and provide student support.
Skyline	Counseling/ Spark Point	1	07/09/2015	12/31/2015	**Financial Aid Technician:** Assist with the planning, implementation, coordination and data collection of Financial Aid and Spark Point Center financial coaching services and resources. Analyze data and prepare statistical reports to track student persistence and success.

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-1CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6869

APPROVAL OF BUDGETARY TRANSFERS FOR THE PERIOD ENDING MAY 31, 2015 AND ADOPTION OF RESOLUTION NO. 15-25 AUTHORIZING BUDGET TRANSFERS FOR 2014-15

Section 58307 of Title 5 Regulations requires that the Board approve all transfers between expenditure classifications made after final adoption of the annual budget. Additionally, Board Policy 8.11 specifies that budgetary transfers will be authorized only when expenditures in certain accounting classifications are in excess of amounts budgeted and when there are amounts in other classifications that will not be required for expenditures in those classifications. The changes to the final adopted budget are submitted to the Board semi-annually.

The 2014-15 final budget (adopted by the Board in September 2014), mid-year changes approved by the Board in March 2015, and transfers shown below are summarized as follows:

	2014-15 Final Budget	**Transfers 12/31/14**	**Transfers 5/31/15**
General Fund (Unrestricted)	$ 134,673,374	$1,369,182	$408,594
Self-Insurance Fund	2,216,862	0	0
Debt Service Fund	30,933,220	0	0
General Fund (Restricted)	26,789,233	5,657,508	1,326,132
Capital Projects Fund	15,780,000	3,695,981	242,822
Bookstore Fund	7,693,700	0	0
Cafeteria Fund	185,500	0	0
San Mateo Athletic Club	3,167,805	0	0
Child Development Fund	1,285,600	0	0
Measure G – SM Parcel Tax	3,638,027	0	163,974
Trust Fund (Financial Aid)	22,616,147	100,001	174,985
Post-Retirement Benefits	1,650,000	0	0
TOTAL	$ 250,628,768	$ 10,822,673	$2,316,507

Detailed budget transfer records are maintained in the District's Administrative Services Office and serve as support documentation for the summary report information below. This report highlights increases and decreases in major classifications of object accounts for each fund and provides a brief explanation for changes in the fund totals that have occurred since the mid-year transfer report.

Unrestricted General Fund – Fund 1

Adjust the **EXPENDITURE** amounts in the following classifications:

1000	Academic Salaries	$691,386
2000	Classified Salaries	2,078
3000	Employee Benefits	(567,558)
4000	Materials & Supplies	(195,786)
5000	Operating Expenses	626,571
6000	Capital Outlay	14,293
7000	Other Outgo	(162,390)
Total		$408,594

Adjust the **REVENUE** amounts in the following classifications:

8600	State Revenues	$7,798
8800	Local Revenues	148,498
8900	Other Sources	252,299
Total		$408,594

Transfers in expenditure budgets in the Unrestricted General Fund are a result of transfers to the sites for office hours and benefits as well as between position control and operating expenses. Increases in revenue amounts are result miscellaneous sales, facilities use and transfer for Skyline Middle College.

Restricted General Fund – Fund 3

Adjust the **EXPENDITURE** amounts in the following classifications:

1000	Academic Salaries	$723,048
2000	Classified Salaries	146,304
3000	Employee Benefits	9,650
4000	Materials & Supplies	127,702
5000	Operating Expenses	3,326
6000	Capital Outlay	5,489
7000	Other Outgo	310,613
Total		$1,326,132

Adjust the **REVENUE** amounts in the following classifications:

8100	Federal Revenues	$87,257
8600	State Revenues	391,590
8800	Local Revenues	690,715
8900	Other Sources	156,571
Total		$1,326,132

Increases in the Restricted General Fund budget occurred as a result of new external programs and grants primarily from State categorical apportionments (i.e. SSSP, Student Equity, Lottery), KCSM Community Service grant and San Francisco Foundation.

Capital Outlay Projects Fund – Fund 4

Adjust the **EXPENDITURE** amounts in the following classifications:

2000	Classified Salaries	$ 3,817
4000	Materials & Supplies	456,188
5000	Operating Expenses	739,881
6000	Capital Outlay	(1,207,710)
7000	Other Outgo	493,467
Total		$242,822

Adjust the **REVENUE** amounts in the following classifications:

8600 State Revenues	$(1,197,487)
8800 Local Revenues	1,440,455
Total	$242,822

Adjustments in expenditure amounts are due to authorized allocations to the Colleges for designated projects.

Child Development Fund – Fund 6

Adjust the **EXPENDITURE** amounts in the following classification:

4000 Materials & Supplies	$(1,866)
5000 Other Operating Expenses	1,866)
Total	$-0-

Measure G (San Mateo Parcel Tax) – Fund 6

Adjust the **EXPENDITURE** amounts in the following classification:

1000 Academic Salaries	$(18,663)
2000 Classified Salaries	48,474
3000 Employee Benefits	27,042
4000 Materials & Supplies	12,201
5000 Other Operating Expenses	94,919
Total	$163,974

Adjust the **REVENUE** amounts in the following classifications:

8800 Local Revenues	$163,974
Total	$163,974

Changes in classifications are due to realignments. No additional revenues received since the expiration of the parcel tax in June 2014 but College budgets were augmented to distribute remaining amount in Central Services.

Trust Fund (Financial Aid) – Fund 7

Adjust the **EXPENDITURE** amounts in the following classification:

7500 Student Financial Aid	$113,885
7600 Other Outgo	61,100
Total	$174,985

Adjust the **REVENUE** amounts in the following classifications:

8900 Other Sources	174,985
Total	$174,985

Budget augmentations occurred to recognize incoming transfers from CARE, EOPS, and TRIO grants, and NSF scholarships within the Restricted General Fund (Fund 3) as well as SMCCC Foundation scholarships that are being disbursed through District accounts. Direct payments to students from federal and state grants are shown within the Financial Aid Fund.

To close the fiscal year, a blanket budgetary transfer will be required to authorize additional transfers that may be necessary to permit payment of District obligations incurred during 2014-15.

RECOMMENDATION

It is recommended that the Board approve budgetary transfers and income adjustments for the period January 1, 2015 through May 31, 2015 and that the Board adopt Resolution No. 15-25, authorizing budgetary transfers for 2014-15, as listed and as needed for year-end closing activities.

RESOLUTION NO. 15-25

BY THE GOVERNING BOARD OF
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATE OF CALIFORNIA

RESOLUTION AUTHORIZING
BUDGETARY TRANSFERS FOR 2014-15

WHEREAS, Section 58307 of Title 5 Regulations provides that the governing board of a community college district may authorize transfers between expenditure classifications at any time by written resolution of the board of trustees of a district; and

WHEREAS, the governing board of the San Mateo County Community College District deems it necessary to make such budgetary transfers between expenditure classifications in the current year's budget as required to permit the payment of obligations of the District incurred during said fiscal year;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the San Mateo County Community College District authorizes transfers between expenditure classifications in the 2014-15 budget as required to permit the payment of obligations of the District during the 2014-15 fiscal year.

REGULARLY PASSED AND ADOPTED this 22nd day of July, 2015.

Ayes:

Noes:

Attest: _____
Dave Mandelkern, Vice President-Clerk
Board of Trustees

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-2CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6790

APPROVAL OF INTERNATIONAL STUDENT INSURANCE PROGRAM, 2015-16

Each year, the Colleges make available a health insurance program to international students. International students are required to have accident and sickness insurance when they enroll at any of the Colleges.

The District seeks Board approval to offer the international student insurance program from Ascension Insurance. Ascension Insurance is underwritten by Anthem Blue Cross Life and Health Insurance Company and offers many comparable features found in previous programs for students, including availability of emergency care and dental care, but is not required to include all changes in coverage under the Affordable Care Act (ACA). The maximum benefit is at $500,000 and does not have an unlimited maximum benefit as required by the ACA.

Included in the coverage are hospital room stays, physician expenses, dental care, X-ray, and laboratory work. There is a $20 copay for physician visits and $50 copay for hospital stays with a maximum of $2,500 out of pocket expenses. The policy meets all of the mandates of federal regulations by providing medical evacuation and repatriation of remains benefits for international students. The 2015-16 premium for international students will be $1,260 per year, which is 5% higher than last year's premium.

RECOMMENDATION

It is recommended that the Board approve the 2015-16 insurance program for international students underwritten by Anthem Blue Cross Life and Health Insurance Company and administered through Ascension Insurance, as detailed above.

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-3CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6790

APPROVAL OF STUDENT ACCIDENTAL INJURY INSURANCE PROGRAM, 2015-16

The District has maintained a student accidental injury insurance program since 1961, providing coverage for all enrolled students of the District. In an attempt to minimize premium increases, the District conducts an annual search for an insurance plan that would provide features equitable with previous years' plans at a reasonable cost.

Student Insurance Agency submitted a proposal which is comparable coverage for the major features of the expiring policy. The plan offers combined student/athlete accidental injury coverage and catastrophic coverage. The basic student/athlete accidental injury plan covers 100% PPO charges in-network and 50% out-of-network, a heart/circulatory benefit for intercollegiate athletes, with applicable deductibles. Additionally, the plan provides medical expenses for an accidental injury up to a limit of $50,000 for students and $25,000 for athletes incurred expenses during the 52 weeks following an injury. An injured student's medical expenses are covered when in excess of benefits from any personal medical insurance carried by that student or their parents. The benefits of the plan are secondary, however, for students with no other medical insurance it will become primary. The 2015-2016 renewal BASIC and CAT premium is $250,016.

The combined plan offered by Student Insurance Agency includes catastrophic coverage that the District has carried since 1989-90. The plan covers catastrophic injuries extending the benefit limits and period of coverage for athletic injuries for a premium of $29,040. The plan provides catastrophic coverage to students other than athletes for a premium of $21,532. The maximum lifetime benefit is $1,000,000.

The total cost for combined programs is $250,016 which is a 1% decrease from 2014-15 premiums. The annual cost for the basic and catastrophic coverage is offset somewhat by health fee income and is paid from the College budgets.

RECOMMENDATION

It is recommended that the Board of Trustees approve student accidental injury insurance and catastrophic injury programs through Student Insurance, as described above, for a total premium amount of $250,016.

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-100B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Nancy Witte, Senior Buyer, Purchasing, (650) 358-6801
Krystal Romero, Director of Student Support, College of San Mateo 378-7223

APPROVAL OF CONTRACT AWARD FOR ASL INTERPRETING SERVICES AND CART TRANSLATION SERVICES

The offices of Disabled Students Programs and Services (DSPS) strive to ensure that SMCCCD students with disabilities have full access to all institutional programs and classes. In compliance with Section 504 of the 1973 Rehabilitation Act and Americans with Disabilities Act, students with verified disabilities have the right to receive reasonable academic adjustments in order to create an educational environment where they have equal access to instruction. American Sign Language interpreters and CART Translation Services are considered reasonable accommodations. Based on verification of disability and individual educational limitations, DSPS provides accommodations for our students with educational limitations due to a hearing impairment.

The special services are used Districtwide and the need for the various resources changes from semester to semester, based on the students in need of the services. In an effort to identify qualified providers, make the procurement of these services efficient and to obtain consistent pricing, the District and Colleges desired to enter into Districtwide Contracts with qualified firms for these services. A Request for Qualifications and Proposals for ASL Interpreting Services and CART Translation Service (RFP # 86714) was issued on May 18, 2015. The District received seven proposals:

Vendor	Services Bid
AllWorld Language Consultants, Inc.	Interpreting & Translation Services
Bay Area Communication Access	Interpreting & Translation Services
Deaf Services of Palo Alto	Interpreting Services
Partners In Communication LLC	Interpreting Services
Purple Communications, Inc.	Interpreting & Translation Services
Total Recall Captioning	CART Translation Services
Western Interpreting Network	Interpreting & Translation Services

Due to several errors and omissions, one vendor, AllWorld Language Consultants Inc., was deemed non-responsive.

The proposal review team consisting of the Director of General Services and Senior Purchasing Buyer, along with the Directors of DSPS from each of the three campuses, evaluated the proposals. While cost was an important consideration for these special services, the proposals were also evaluated on factors including vendor experience in working with higher education; vendor qualifications and experience and

other factors related to customer service and support. Additionally, each vendor was required to provide references from community colleges or higher education.

The evaluation showed that both Purple Communications, Inc. and Total Recall Captioning demonstrated the necessary price point, knowledge, experience, customer service and support the District required. Total Recall captioning will primarily provide remote CART Translation Services and Purple Communications, Inc. will primarily provide ASL Interpreting services although the firm also has the capability to provide CART translation services if needed. Both firms have provided services to the District in the past and the District has been pleased with these services. Purple Communication's ASL basic pricing ranges from $85.00 to $95.00 per hour and remote CART translation services from Total Recall Captioning is set at $90.00 per hour. Hourly minimums, mileage charges, overtime, short-notice and other pricing premiums also apply to these basic rates.

Additionally, the services of Purple Communications, Inc. may be made available to other public school districts, community college districts and public agencies throughout the State of California pursuant to Public Contract Code 20118 and 20652 with the exception that additional travel rates may be incurred depending upon actual location of the services.

Although the selected firms are intended to be the primary providers of these services, the Colleges may from time to time elect to engage independent contractors or other firms for short-term assignments or to manage capacity issues.

RECOMMENDATION

It is recommended that the Board of Trustees award one year contracts with the option to renew for four additional one-year terms to Purple Communications, Inc. for ASL Interpreting Services and CART Translation Services and to Total Recall Captioning for CART Translation Services. Quotes for the services under these agreements will be obtained each semester and on an as needed basis based on the population in need. Expenditures for both services are not expected to exceed $250,000 per year.

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-101B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Dr. Sarah Perkins, Vice President, Instruction, Skyline College

RATIFICATION OF AGREEMENT WITH THE WESTIN ST. FRANCIS FOR THE SKYLINE COLLEGE CENTER FOR INTERNATIONAL TRADE DEVELOPMENT'S "INTEGRATING GLOBAL TRADE & LOGISTICS AND CYBERSECURITY" (IGTLC) CONFERENCE

The Skyline College Center for International Trade Development (CITD), in its role as Deputy Sector Navigator (DSN), serves as the Bay Area Community College in-region contact for the Global Trade & Logistics sector, working with the region's colleges and employers to create alignment around and deliver on workforce training and career pathways. The role of the CITD extends the reach of the DSN to assist business enterprises in expanding globally, facilitates export promotion activities serving targeted industries to drive exports for small and medium-sized businesses, assists individuals and students to advance their knowledge of global business, and help the college internationalize its curriculum.

The CITD will be hosting its first annual "Integrating Global Trade & Logistics and Cybersecurity" (IGTLC) Conference on November 12-14, 2015. The conference will be held at The Westin St. Francis in San Francisco. This premier event meets the global demand for a forum that focuses on opportunities to develop insight about the impact of cybersecurity on global trade & logistics. Entrepreneurs, small to medium business, and academia will participate in plenary and break-out sessions, led by local and international intelligence experts, about new technology and business standards to improve data protection which is essential to a global economy. A Scholarship Fundraiser, entirely sponsored by the PAKUS Chamber of Commerce of Newark, CA, will be held on November 14, 2014 at TPC Harding Park, to benefit SMCCCD students.

This three-day conference will provide a venue for a close collaboration among regional institutions, small to mid-sized businesses, entrepreneurs, civic organizations, and leaders in ICT and GTL to jointly accomplish specific goals established by the DSN and CITD. The conference will assist economic and workforce regional development centers, business and industry employers, community colleges, and consortia improve linkages and career-technical education pathways between high schools, community colleges, and industry, while exploring the impact of Cybersecurity (ICT sector) and Global Trade & Logistics impact on all industry sectors.

The expected attendance is 200 and there are a limited number of venues available with the capacity to host this size event. The College obtained quotations from venues in San Francisco that had sufficient numbers of meeting rooms, exhibitor space, food and beverage capability and availability during the desired conference dates that coincide with the Scholarship Fundraiser mentioned above. The Westin St. Francis was selected because of its availability and its demonstrated ability to provide the venue and array of services needed for the conference.

The total amount of the contract with the Westin St. Francis is $117,888.10. A major portion of these conference expenses will be covered by conference attendee registration fees, exhibitor fees, sponsorships from outside agencies and other community college Deputy Sector Navigators. The College will also use funding from its CITD/DSN grant designated for in-region activities.

RECOMMENDATION

It is recommended that the Board of Trustees ratify San Mateo County Community College District's agreement with the Westin St. Francis Hotel for Skyline College CITD's "Integrating Global Trade & Logistics and Cybersecurity Conference" in an amount not to exceed $117,888.10.

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-102B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: José D. Nunez, Vice Chancellor of Facilities Planning & Operations, 358-6836
Sue Harrison, Director, General Services 650-358-6879

AUTHORIZATION AND UTILIZATION OF LAS LOMITAS ELEMENTARY SCHOOL DISTRICT CONTRACT WITH ENVIROPLEX, INC. FOR PURCHASE OF PORTABLE BUILDINGS FOR TEAM ROOMS AT SKYLINE COLLEGE AND CAÑADA COLLEGE

Cañada College and Skyline College are in need of team room space to address Title IX compliance issues as well anticipated swing-space needs during upcoming construction. Team rooms are used for field teams to meet with coaches, review game films, change into uniforms and the like.

At Cañada College, a joint-use team house will be installed at the athletic fields for soccer and baseball teams. It will be used as the primary meeting place for the teams during the construction of Cañada College Building 1. At Skyline College, a team house will be installed for the baseball team. Currently the team occupies a room within Building 3. They will be moved out of that building in order to create additional team room space for the women's athletic program in compliance with Title IX.

Enviroplex will fabricate the portables to District specifications and install them on shoring at each location. The District's pre-qualified contractors will provide informal bids under the CUPCCA procedures for any other services ancillary to the installation including water, electrical, data or other necessary hookups.

The Las Lomitas Elementary School District advertised for and awarded a piggybackable contract to Enviroplex, Inc. for provision of modular buildings. Public Contract Code Section 20652 permits the utilization of the authorized contract of another public agency for purchases by the San Mateo County Community College District, without advertisement of bids. The Las Lomitas contract with Enviroplex provides favorable pricing for the District and meets the public contract code for piggyback purchases. Accordingly, the District wishes to utilize the Las Lomitas contract with Enviroplex for the purchase of these portable buildings.

RECOMMENDATION

It is recommended that the Board authorize utilization of the Las Lomitas Elementary School District contract with Enviroplex, Inc. for purchase of portable buildings for Skyline College and Cañada College, in an amount not to exceed $401,403 which includes an allowance for a 10% contingency.

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-103B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Bob Domenici, Senior Buyer, 650-358-6728
Sue Harrison, Director General Services, 650-358-6879

APPROVAL OF AGREEMENTS FOR DISTRICTWIDE MOVING SERVICES: OFFICE FURNITURE AND EQUIPMENT

With the implementation of CIP3, the District anticipates a significant need for moving services providers to manage packing, moving, and relocation services for classrooms, offices, workstations and the like. Consequently, on May 14, 2015, the District released RFP #86711 seeking proposals for Districtwide Moving Services.

The District received seven responsive proposals from the following: Cor-O-Van Moving and Storage, Nor-Cal Moving Services, Suddath Relocation Systems of Northern California, Graebel, Chipman, Metropolitan and Moving Solutions. A proposal review team consisting of General Services and Facilities Planning reviewed and evaluated the proposals based on cost and other factors including qualifications, service capabilities, experience, and past performance. Based on their initial evaluation of the proposal responses, the team interviewed four of the seven vendors and selected three vendors, Cor-O-Van Moving & Storage, Nor-Cal Moving Services and Suddath Relocation Systems of Northern California as the most responsive and responsible vendors to provide moving services for the District.

Although cost was not the only factor in evaluating and selecting the providers, the cost for a driver and van were as follows:

Nor-Cal	56.00
Cor-O-Van	54.50
Suddath	50.00

Some moving services, such as installation/assembly/disassembly of modular furniture, are subject to prevailing wage. All of the selected vendors are registered with the Department of Industrial Relations and will pay prevailing wage if applicable.

Cor-O-Van Moving and Storage has a proven track-record with the District, having provided simple office reconfigurations to complex moves in a CIP environment. They also have space-planning capabilities in-house which is useful for one-off office moves and the like. Nor-Cal moving has an abundance of experience in the education area, has capacity to handle surplus and employs specialists for unique moves. Suddath also offers assistance with surplus and its crews are trained on assembly and disassembly of District standard workstations. The choice to multi-source this contract allows the District greater flexibility to manage a range of different types of moves and reduces a disruption of service due to capacity issues.

RECOMMENDATION

It is recommended that the Board of Trustees award a one year contract with the option for two one-year renewals to Cor-O-Van Moving & Storage, Nor-Cal Moving Services and Suddath Relocation Systems of Northern California. The firms will quote on a project-by-project basis. The total value of all contracts over three years will not exceed $375,000.

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-104B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6790

APPROVAL OF REVISIONS TO BOARD POLICY 8.06, INVESTMENT OF DISTRICT FUNDS

Prior to investing the District's bond funds outside of the County Pool, the Board requested a review of the Board's Investment Policy, 8.06. This revision includes comments and suggestions from Board members as well as outside consultants. The major changes include a clarification of the priorities of the District of Safety, Liquidity and Yield, as well as further specification of permitted investments. In order to facilitate the discussion, a glossary of investment terms has been provided.

RECOMMENDATION

It is recommended that the Board approve the revisions to Policy 8.06 as shown on the attached.

***CHAPTER 8:* Business Operations**
BOARD POLICY NO. 8.06 (BP 6320)

BOARD POLICY
San Mateo County Community College District

***Subject*:** 8.06 Investment of District Funds
***Revision Date*:** 3/11
***Policy References*:** California Probate Code Section 16040; Government Code Sections 53600 et seq., 1090 et seq., 81000 et seq.

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1. This section of Rules and Regulations ~~is intended to~~ provides policy direction for the investment of all District funds. The Executive Vice Chancellor or designee is responsible for investment of District funds, within the parameters of this policy. It is intended to provide meaningful guidance in the management of the portfolio and not be overly restrictive given the changing economic and investment market conditions. This policy statement shall be reviewed no less than annually by the District and approved by the Board of Trustees. Any modifications should be immediately provided to the Districts' investment advisors, if any. There may be additional investment restrictions on bond proceeds on an issue-by-issue basis as required by bond rating agencies and as specified in the bond issuance documents.

2. ~~General Rule:~~ The District operates its temporarily ~~pooled~~ idle cash under the prudent-man rule (CA Probate Code Section 16040). This affords the District a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current legislation of the State of California (Government Code Section 53600 et seq.). It is the policy of the District to invest public funds in a manner which will provide maximum security of principal invested with a secondary emphasis on providing liquidity matching cash flow needs and achieving the highest yield while conforming to all applicable statues and resolutions governing the investment of public funds.

3. The following criteria, known by the California Municipal Treasurer's Association as "SLY", will be used for selecting investments, in order of priority:

    a. Safety: The safety and risk associated with an investment refers to the potential loss of principal, interest, or a combination of these amounts. The District only operates in those investments that are considered very safe. The District shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

    Credit Risk: Defined as an issuer(s) ability and willingness to repay interest and principal. Credit risk shall be minimized by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants. Wherever possible, credit rating evaluations for all securities will be monitored on a consistent basis, prior to and after purchase. This analysis may be done by consultants and/or money managers. The District should not solely rely on nationally recognized credit reporting agencies for credit analysis.

    Market Risk: Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Longer-term securities generally have greater market risk than shorter-term securities. Therefore it is critical to match the duration of the portfolio to the approximate duration of the cash flows needed by the District. The maximum allowable

maturity for an instrument in the pool at the time of purchase is five years, and typically the duration of the aggregate portfolio will be between two and three years. Duration and maximum maturities must be monitored and reported quarterly.

b. Liquidity: This refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality, especially when the need for unexpected funds appears occasionally. The District should match the maturities to the projected cash flows.

c. Yield: This is the potential dollar earnings an investment can provide, and sometimes is described as the "rate of return." Yield is the sum of both income and capitals gains or losses. The District's investments are designed to maximize the return on investable funds over various market cycles, consistent with the first priority of safeguarding principal, followed by the second priority of liquidity, then yield. Yield will be considered only after the basic requirements of safety and liquidity have been met.

4. To maximize the income generated from any surplus funds available for investment and to assure that these investments are made under the provisions of Federal and State law and regulations, the following financial instruments are designated as acceptable investments under the provisions of Government Code Sections 53600 and 53601. All final maturities are limited to five years unless specified otherwise. Maturities, or more precisely, duration of the portfolio should approximately match the cash flow needs, or time frame, of the District. This will optimize returns while minimizing safety and liquidity risks.

a. Up to 100% of the portfolio may be invested in the District's own bonds.

b. Up to 100% of the portfolio may be invested in U.S. Treasury notes, bills, ~~or~~ bonds or certificates of indebtedness, for which the full faith and credit of the United States is pledged for the payment of principal and interest.

c. Up to 30% of the portfolio may be invested in any one particular Federal agency or U.S. government-sponsored enterprise (GSE), such as FNMA or FHLMC. U.S. Government Agency/GSE securities must be rated AA, long-term, or A-1, Short-term, or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch).

d. Up to 20% of the portfolio may be invested in mortgage backed securities (MBS) or asset backed securities (ABS). The issuer of this investment shall have a minimum "A" credit rating by a nationally recognized rating service, and the specific investment shall carry a minimum rating of "AA."

e. Up to 30% of the portfolio may be invested in negotiable certificates of deposit placed with commercial banks and/or savings and loan companies, insured by the FDIC~~.~~, subject to a maximum of five percent of the portfolio in any one institution, at the time of purchase. At the time of purchase, negotiable certificates of deposit must be rated either A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch) and a long term rating of single A or better when applicable. These certificates must be issued by a U.S. National or State chartered bank or state or federal association (as defined by section 5102 of the California Financial Code). Issuers must be a corporation with total assets in excess of $5 Billion.

f. Up to 30% of the portfolio may be invested in registered State of California warrants, notes or bonds.

g. Up to ~~40~~15% of the portfolio may be invested in banker's acceptance, not to exceed 180 days maturities, with no more than ~~30~~5% of the portfolio invested in the banker's acceptances of any one commercial bank. These banker's acceptances must be issued by a U.S. National or State chartered bank or state or federal association (as defined by section 5102 of the California Financial Code) and must be rated either A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Issuers must be a corporation with total assets in excess of $5 Billion.

h. Up to 30% of the portfolio may be invested in commercial paper of prime quality as defined by at least 2 nationally recognized organizations that rate these securities, subject to a maximum of 5 percent of the portfolio in any one issuer at the time of purchase, with maturity limited to 180 days.

i. Up to 100% of the portfolio may be invested in the Local Agency Investment Fund (LAIF).

j. Up to 100% of the portfolio may be invested in the San Mateo County Treasury.

~~k. Up to 30% of the portfolio may be invested in securities that have the explicit or implicit guarantee of the U.S. government (such as the Federal Deposit Insurance Corporation's, FDIC, Temporary Liquidity Guarantee Program, TLGP).~~

k. Up to 30% of the portfolio may be invested in U.S. corporate bonds with a minimum rating of "A" by a nationally recognized rating service, subject to a maximum of ~~five~~ 5 percent of the portfolio in any one corporation, at the time of purchase. Non-U.S. issuers are excluded.

l. General account and collateralized Guaranteed Investment Contracts (GICs) are allowed. General account GICs shall be considered similarly to a corporate bond and subject to the 30% aggregate and 5% per issuer limits and credit rating limits described above. Collateralized GICs, if backed by U.S. Treasuries or agencies exclusively, shall be subject to the Federal Agency requirements listed above.

m. Credit Quality. Should any investment or financial institution represented in the portfolio be downgraded by any of the major rating services to a rating below those established in this investment policy, the Executive Vice Chancellor or designee must immediately make an informed decision as to the disposition of that asset. The situation will be monitored daily by the Executive Vice Chancellor or designee until final disposition has been made.

Security Description	**Maximum**
District's own bonds	100%
U.S. Treasuries	100%
Federal Agencies or GSEs (per issuer)	30%
Mortgage backed securities or Asset backed securities (MBS or ABS)	20%
Certificates of deposit (CD)	30%
Registered state warrants, notes or bonds	30%

Bankers Acceptance	~~40~~15%
Commercial Paper	30%
Local Agency Investment Fund (LAIF)	100%
San Mateo County Treasury	100%
Other Federal government guaranteed securities	30%
U.S. Corporate Bonds	30%

5. Prohibited Transactions. At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy and with California Government Code Sections §53601, §53601.1, §53601.2, §53601.6, and §53635, as may be amended from time to time. No investment prohibited by California Government Code shall be permitted herein. Any investment transactions, credit risk criterion, percentage limitations or market valuation that are not in compliance with this Investment Policy at time of purchase are prohibited. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction. The District shall not leverage its investments through any borrowing collateralized or otherwise secured by cash or securities held unless authorized by this investment policy. Security Lending is not authorized by this policy. The following transactions are specifically prohibited: A. Borrowing for investment purposes ("Leverage") is prohibited B. Inverse floaters, leveraged floaters, equity-linked securities, event-linked securities, or structured investment vehicles (SIV) are prohibited. U.S. Treasury and Agency zero coupon bonds, U.S. Treasury and Agency strips, or other callable securities which otherwise meet quality, maturity and percent limitations assigned to their respective security category, are exempt from this section. C. Derivatives (e.g. swaps, spreads, straddles, caps, floors, collars, etc.) shall be prohibited. D. Trading of options and futures are prohibited.

6. Internal Controls. The Executive Vice Chancellor shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. The Executive Vice Chancellor shall also be responsible for ensuring that all investment transactions comply with the District's investment policy and the California Government Code. The Executive Vice Chancellor shall establish a process for daily, monthly, quarterly and annual review and monitoring of investment program activity. Daily, the Executive Vice Chancellor or authorized District personnel shall review the investment activity, as well as corresponding custodial and commercial bank balances and positions for compliance with the investment policy and guidelines. The District shall conduct an annual review of the investment program's activities. It is to be conducted to determine compliance with the District's investment policy and the Government Code. The responsibility for conducting the District's investment program resides with the Executive Vice Chancellor, who supervises the investment program within the guidelines set forth in this policy. The Executive Vice Chancellor may delegate the authority for day-to-day investment activity to the Chief Financial Officer or outside Investment Advisors, such activity to be in full compliance with the District investment policy.

7. Approved Investment Advisors. The Executive Vice Chancellor will maintain a current list of Approved Investment Advisors, Brokers and Dealers who may conduct business with the District. All financial institutions on the approved list will be evaluated individually, with preference given to primary dealers, who possess a strong capital and credit base appropriate to their operations. The Executive Vice Chancellor will forward a copy of the District Investment Policy to all approved Investment Advisors, Brokers, and/or Dealers and require written acknowledgment of the policy. No

Investment Advisor, broker, brokerage, dealer or securities firm is allowed on the approved list if, within any consecutive 48-month period, they have made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to any member of the governing board of the District or any candidate for that office.

~~5.~~ 8. Statements, including positions marked to the market, all transactions, and summary of income, will be sent to the ~~Treasurer~~ Executive Vice Chancellor monthly. Performance reports will be provided to the ~~Treasurer and~~ Board on a quarterly basis. Investment performance will be reported relative to appropriate market benchmarks. These benchmarks should approximate the specific restrictions in this investment policy statement, the California government code guidelines, and the timeframe for the portfolio. Shorter-term portfolios, such as LAIF, should be benchmarked against shorter-term indices like the 3 month T-bill. Intermediate-term portfolios should be benchmarked against the Barclay's Capital 1-3 Year Government Index and the Barclay's Capital 1-5 Year Aggregate Index. While no one benchmark exactly matches the specifics of this investment policy statement, reviewing performance relative to these three benchmarks is appropriate.

~~6.~~ 9. Officers, employees, and agents involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Officers, employees, and agents involved in the investment process shall abide by California Government Code Section 1090 et seq. and the California Political Reform Act (California Government Code Section 81000 et seq.).

Glossary of Investment Terms

Asset Backed Securities (ABS) - Pass-through securities, primarily issued by banks and credit card companies and backed by loans or accounts receivables that pay periodic interest and repay principal in one lump sum at an expected maturity date. ABS are rated as to their credit quality by Moody's and S&P. See also Collateral and Pass-Through Security.

Banker's Acceptance (BA) - A negotiable short-term time draft accepted and guaranteed by a bank as to payment of principal at maturity, used primarily to finance import/export international trade transactions. See also Money Market Instruments.

Certificate of Deposit (CD) - A time deposit issued by financial institutions which entitles the holder to receive interest plus principal at maturity. Bank CDs cannot be withdrawn before maturity without penalty and are federally-insured up to FDIC limits in principal and interest per investor and institution.

Collateralized Certificates of Deposit – If a local government has money in an institution over the FDIC limit, the institution will pledge its own securities, usually government securities, as collateral for the deposit.

Commercial Paper - A short–term, negotiable unsecured promissory note issued at a discount to par, primarily by industrial and financial companies, with maturities ranging from overnight to 270 days. See also Money Market Instruments.

Federal Agency Securities - Issued by U.S. government agencies and sponsored corporations, these securities carry agency backing providing credit quality second to Treasury securities and Ginnie Maes, also called Agencies or Agency Securities. Specific types include Federal Farm Credit Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association and Tennessee Valley Authority.

Federal Deposit Insurance Corporation (FDIC) – an independent agency of the United States federal government that preserves public confidence in the banking system by insuring deposits.

Guaranteed Investment Contract (GIC) – Insurance contracts that guarantee the owner principal repayment and a fixed or floating interest rate for a predetermined period of time. There are general account GICs and collateralized GICs. General account GICs are backed only by the creditworthiness of the insurance company issuing the contract, so are also considered a corporate bond, and subject ot the 30% aggregate and 5% per issuer limits described above. Collateralized GICs, if backed by the U.S. treasuries or agencies exclusively, shall be subject to the U.S. Treasury and Federal Agency requirements listed above.

Local Agency Investment Fund (LAIF) - The Local Agency Investment Fund (LAIF), is a voluntary program created by statute; began in 1977 as an investment alternative for California's local governments and special districts. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code. This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office investment staff at no additional cost to the taxpayer. This in-house management team is comprised of civil servants who have each worked for the State Treasurer's Office for an average of 20 years

Mortgage Backed Securities (MBS) - Securities representing ownership interests in a pool of residential mortgage loans, that "pass–through" or distribute interest and principal payments to investors on a monthly basis over the life of the security. MBS pass-throughs are typically issued by Ginnie Mae, Fannie Mae and Freddie Mac, offering government or federal agency guarantees. Monthly payments and maturities are estimated and fluctuate based on principal prepayments made by homeowners with mortgages in the MBS pool. See also Collateralized Mortgage Obligation (CMO) and Pass-Through Security.

Securities Investor Protection Corporation (SIPC) – A nonprofit corporation created by an act of Congress to protect the clients of brokerage firms that are forced into bankruptcy. Members to the SIPC include all brokers and dealers registered under the Securities Exchange Act of 1934, all members of securities exchanges and most NASD members.

U.S. Corporate Bond - A debt obligation issued by a corporation which promises to pay its investors periodic interest at a fixed rate (coupon) over a defined period, as well as principal (par) at maturity. Most bonds have a fixed face or par value (generally $1,000) and are issued in a wide range of maturities.

U.S. Treasury Bill – A short-term security issued at a discount to par which pays no interest. Instead, the investor receives the difference between the discounted purchase price and the par value (the accreted interest) at maturity. T-bills are typically issued in minimum denomination sof $10,000 with maturities of 3, 6 and 12 months.

U.S. Treasury Bond – A long-term bond issued in $1,000 denominations, with maturities greater than 10 years. T-bonds pay interest at a fixed rate semiannually and pay the principal amount (par) at maturity. The 30-year Treasury bond, also known as the Bellwether bond or Long Bond, is considered a benchmark for market watchers and is the most volatile of all Treasury securities.

U.S. Treasury Note – An intermediate-term security typically issued in denominations of 41,000 or $5,000 with maturities ranging from 2 to 10 years. The stated interest rate (coupon) is paid semiannually and the principal amount (par) paid at maturity.

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-105B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: José D. Nuñez, Vice Chancellor, Facilities Planning and Operations, 358-6836
Karen D. Powell, Executive Director, Facilities Planning and Operations, 358-6808

ACCEPTANCE OF CONTRACT TO RETAIN THE SERVICES OF BRIGHTLINE DEFENSE PROJECT TO EXPLORE AND ANALYZE A LOCAL HIRE REQUIREMENT FOR THE DISTRICT'S CONSTRUCTION PROGRAM

On July 8, 2015, staff presented an information report on the implications of incorporating a local hire requirement into the program labor stabilization agreement (Board Report No. 15-7-2C). The report described the City of San Francisco efforts and policy to implement a local hire requirement on its public works projects. The report also assessed the ramifications for SMCCCD to implement a similar requirement. The report attempted to address the potential economic impact and effectiveness of implementing a local hire policy on District capital improvement projects; however, this is challenging due to the unavailability of empirical data and information.

At the conclusion of the presentation, the Board directed staff to identify third party subject matter experts experienced with implementing local hire requirements for public agencies. Pursuant to this request, staff has found one such firm that is best aligned with the District's needs on a local hire initiative and accordingly contacted Bright Line Defense Project. Attached is their proposal to provide consulting services to assist the District in assessing the costs and benefits of implementing a local hire policy.

RECOMMENDATION

It is recommended that the Board of Trustees authorize the Executive Vice Chancellor to execute a contract with Brightline Defense Project in the amount not to exceed $53,000.00.

brightline DEFENSE PROJECT
1028A Howard Street
San Francisco, CA 94103
P 415.252.9700
F 415.252.9775
www.brightlinedefense.org

Karen D. Powell
Executive Director, Facilities Planning and Operations
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

July 14, 2015

Dear Executive Director Powell,

Brightline is a 501(c)(3) public policy nonprofit dedicated to empowering communities and sustainable environments. Specifically, we have developed strong expertise in workforce development systems, particularly with the passage and implementation of San Francisco's landmark Local Hiring Policy for Construction. As the Board of Trustees of the San Mateo County Community College District ("SMCCCD" or "the District") has now asked for a construction workforce study in San Mateo, we are excited to support your efforts to develop a local hiring program.

Per your request, we have prepared a proposal and scope of services to create this study. Brightline would accomplish three primary tasks:

1. Create an analysis of local labor conditions per trade (availability, dispatch options for various trades, etc.), current local participation percentages in public projects in the county, and potential pipelines for local recruits.

2. Analyze the capacity of SMCCCD pre-apprenticeship and related programs, and propose options for crafting a program for CIP3.

3. Based on the collected data, propose a Local Hiring Program for the District and plan for implementation.

To accomplish these tasks, Brightline would conduct the following five activities:

1. Interview staff members and trainees enrolled in SMCCCD pre-apprenticeship and related programs, including the Trades Introduction Program ("TIP") and JobTrain.

2. Interview current job training service providers about potential pipelines for local recruits.

3. Collect and analyze any data on the workforce trained by these programs.

4. Research current local participation percentages in public projects in the county, interview construction trades on their availability and dispatch options.

5. Analyze the data collected and write an in-depth study that provides the grounding for a local hiring policy in the District.

In terms of timeline, Brightline's staff could begin work on this report immediately by mid-August 2015. Joseph Bryant, a longtime workforce development expert, and Eddie Ahn, an attorney, would both work on this report. Additionally, Brightline's legal fellow, Dilini Lankachandra, would assist with the legal and policy writing portions of the report. Within six months, Brightline would produce a local hiring study to be submitted to the Board of Trustees, which would lay the foundation for a local hiring program as desired by the Board. The cost of these services would not exceed a lump sum for $50,000, to be paid in installments of $10,000 monthly over the course of 5 months.

For reimbursable expenses, Brightline anticipates one additional basic expense: printing costs for the final report. Based on prior publication costs, printing costs are not to exceed $3,000 for 250 copies of this report.

Pending further action by the Board, Brightline can also assist in crafting, passing, and implementing a new local hiring policy from January 2016 to December 2016. To this end, we request the District provide a letter of support for Brightline to philanthropic foundations. These additional resources can also offset any unforeseen expenses that may be incurred in 2015 and would resource additional workforce advice from Brightline to SMCCCD in 2016.

Please let me know of any additional questions or concerns about this proposal. Brightline very much looks forward to working with you to create a groundbreaking initiative for SMCCCD that will sustain San Mateo's communities most in need.

Eddie H. Ahn
Executive Director
Brightline Defense

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-4C

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Jennifer Hughes, Vice President, Student Services, College of San Mateo, 574-6118
Kim Lopez, Interim Vice President, Student Services, Cañada College, 306-3236
Angélica Garcia, Interim Vice President, Student Services, Skyline College, 738-4333

REPORT ON EXTENDED OPPORTUNITY PROGRAMS AND SERVICES (EOPS) CAÑADA COLLEGE, COLLEGE OF SAN MATEO AND SKYLINE COLLEGE

Staff will report to the Board on Districtwide Extended Opportunity Programs and Services. Attached are Outcomes Comparison Reports of EOPS vs. Potentially EOPS Eligible Students at each of the Colleges.

Cañada College

Outcomes Comparison Report of EOPS and Potentially EOPS Eligible Students

Fall 2009-Spring 2014

Method:

- This report tracks the course and completion outcomes of EOPS students (n=1,255) who were enrolled at Cañada College from Fall 2009 to Spring 2014. EOPS status is determined by being an EOPS student in any term from Fall 2009 to Spring 2014.
- Potentially EOPS eligible students were selected based on academic and economic characteristics similar to EOPS students at Cañada College: BOG A, B and C (BOG C waiver with no Expected Family Contribution) eligibility; accumulation of no more than 12 district units in initial term, enrollment in a minimum of 9 units in the initial term, and resident of California. Excluded students who received EOPS at either CSM or Skyline.
- Course outcomes were assessed through Fall 2014. Degree and certificate outcomes were assessed through Summer 2014.

Key Findings:

- When compared with students who are potentially eligible for EOPS, students served by EOPS have higher course success and retention rates. Both course success and retention rates for EOPS students are comparable to the college average (Table 6).
- Nearly 7 out of ten students served by EOPS persist from initial fall term to the next fall term. The rate drops to 4 out of ten for potentially eligible EOPS students (Table 7).
- Students served by EOPS are six times more likely to receive a degrees or certificate than students who are potentially eligible for EOPS (Table 8).
- After 4 years of initial enrollment, EOPS students are twice as likely to transfer to a four-year institution, than those students who are potentially eligible for EOPS (Table 9).
- Four out of every 10 EOPS students have been on the Dean's list. However, only 1 out of every ten potentially EOPS eligible students have been on the Dean's list.

Table 1: Demographics--Gender by EOPS Status

	EOPS Students		Potentially Eligible Students for EOPS	
Number of students	1,255		1,082	
Female	837	66.7%	563	51.9%
Male	392	31.2%	454	42.0%
Not Reported	26	2.1%	66	6.1%

Note: Total course enrollment includes all courses a student took from fall 2009 through fall 2014, regardless of a student's EOPS status during that term.
Source: SMCCD Student Data Dashboard, Enrollment and SMCCD Warehouse, Academic History

Table 2: Demographics--Age at Initial Term by EOPS Status

	EOPS Students		Potentially Eligible Students for EOPS	
Number of students	1,255		1,082	
Under 18	40	3.2%	40	3.7%
18-19	378	30.1%	498	46.0%
20-21	183	14.6%	172	16.0 %
22-24	143	11.4%	127	11.7%
25-29	174	13.9%	100	9.2%
30-34	100	8.0%	52	4.8%
35-39	75	6.0%	28	2.6%
40-49	98	7.8%	43	4.0%
50-64	50	4.0%	17	1.6%
65 and over	0	0%	2	0.2%
Not Reported	0	0%	3	0.3%

Note: Average percentage of age group for each semesters.
Source: SMCCD Student Data Dashboard, Enrollment and SMCCD Warehouse, Academic History

Table 3: Demographics--Ethnicity by EOPS Status

	EOPS Students		Potentially Eligible Students for EOPS	
Number of students	1,255		1,082	
American Indian	5	0.4%	5	0.5%
Asian	29	2.3%	17	1.6%
Black	141	11.2%	132	12.2%
Filipino	8	0.6%	27	2.5%
Hispanic	764	60.9%	484	44.7%
Multi Races	109	8.7%	175	16.2%
Pacific Islander	39	3.1%	30	2.8%
White	59	4.7%	138	12.8%
Unknown	101	8.0%	74	6.8%

Source: SMCCD Student Data Dashboard, Enrollment and SMCCD Warehouse, Academic History

Table 4: Demographics--Foster Youth Status by EOPS Status

	EOPS Students		Potentially Eligible Students for EOPS	
Number of students	1,255		1,082	
Foster youth	14	1.0%	10	0.9%
Not foster youth	1,250	99.0%	1,074	99.0

Source: SMCCD Warehouse, Academic History

Table 5: CARE Program Status of EOPS Students

	EOPS Students		Potentially Eligible Students for EOPS
Number of students	1,255		1,082
Students served by CARE	48	3.8%	N/A
Not in CARE program	1,207	96.2%	N/A

Source: SMCCD Student Data Dashboard, Enrollment

Table 6: Course Outcomes by EOPS Status

	EOPS Students		Potentially Eligible		College-wide Total	
Number of students	1,255		1,082		11,404	
Total course enrollment	25,086		13,122		35,346	
Course success	17,089	68.1%	6,141	46.8%	24,530	69.4%
Course retention	20,529	81.8%	9,576	73.0%	29,296	82.9%

Note: Total course enrollment includes all courses a student took from Fall 2009 through Fall 2014, regardless of a student's EOPS status during that term.
Source: SMCCD Student Warehouse Database, Academic History

Table 7: Term-to-Term Persistence by EOPS Status

	EOPS Students		Potentially Eligible	
Number of students	1,232		1,034	
Persisted from first fall to next fall	847	68.8%	428	41.4%

Note: Analysis does not include students whose initial tracking term was spring 2014. Students whose initial tracking term was spring were tracked from the subsequent fall term to the following fall term.
Source: SMCCD Student Warehouse Database, Academic History

Table 8: Awards Earned by EOPS Status

	EOPS Students		Potentially Eligible	
Number of students	1,255		1,082	
Earned any award	307	24.5%	38	3.5%
Earned an associate degree	195	15.5%	19	1.8%
Earned a certificate of achievement	72	5.7%	5	0.5%
Earned a certificate of specialization	114	9.1%	14	1.3%

Note: Degrees and certificates tracked through Summer 2014. Number of students includes those whose first tracking term was Spring 2014. Outcomes do not include transfer to 4-year institutions.
Source: SMCCD Student Warehouse Database, Degrees and Certificates

Table 9: Transfer Rate to 4-Yr. Colleges by EOPS Status

	N	After 2 years		After 3 years		After 4 years	
EOPS Students	912	35	3.8%	80	8.8%	114	12.5%
Potentially Eligible	648	11	1.7%	23	3.5%	38	5.9%

Note: Analysis includes only students whose first term in EOPS or at Cañada is Fall 2009 through Fall 2011. Counts and percentages are cumulative. For example, "After 3 years" includes student who transfer at 1, 2 and 3 years.
Source: National Student Clearinghouse and SMCCD Student Warehouse Database.

Table 10: Dean's List by EOPS Status

	EOPS Students		Potentially Eligible	
Number of students	1,255		1,082	
On Dean's list at least once	532	42.4%	133	12.3%

Note: Students include those who have been on the District's Dean's between Fall 2009 and Fall 2014.

College of San Mateo
Outcomes Comparison of EOPS vs. Potentially EOPS Eligible Students
Fall 2009 – Spring 2014

Data Included:

- Table 1: Demographics of EOPS and Potentially EOPS Eligible Students
- Table 2: Course Outcomes: Success and Retention
- Table 3: Term-to-Term Persistence
- Table 4: Dean's List Recognition
- Table 5: Degrees and Certificates Earned
- Table 6: Transfer Rates

Key Findings:

- This study tracks the course and completion outcomes of EOPS students (n=1,128) and students potentially eligible for EOPS (n=1,231) enrolled at CSM, fall 2009 to Spring 2014.
- Potentially eligible students were selected on academic and economic characteristics similar to EOPS students: placement in basic skills math, English, reading, and/or ESL; BOG waiver eligibility; accumulation of no more than 12 district units; and enrollment in a minimum of 9 units in the initial term. Table 1 provides a comparative demographic profile of these students.
- Course outcomes were assessed through fall 2014. Degree and certificate outcomes were assessed through summer 2014.
- On all core measures of academic success and achievement, EOPS students outperform their non-EOPS counterparts. These measures include:
    1. Successful course completion and retention, 67.6% vs. 50.3% and 82.1% vs. 75.2%, respectively (See Table 2)
    2. Various measures of persistence across terms--+14 – 16 points. (See Table 3)
    3. Dean's List recognition – 33.0% vs. 15.1% (Table 4)
    4. Completion of program requirements and academic awards earned—23.1% vs. 4.1%. (See Table 5)
    5. Transfer rate after four years—24.8% vs. 9.8% (See Table 6)

Demographics of EOPS and Potentially EOPS Eligible Students

	EOPS Students		Potentially Eligible Students	
Ethnicity				
African American	116	11.1%	110	9.6%
Asian	114	10.9	96	8.3
Filipino	32	3.1	68	5.9
Hispanic	494	47.1	409	35.5
Native American/Alaskan Native	4	0.4	2	0.2
Pacific Islander	42	4.0	61	5.3
White	123	11.7	198	17.2
Multi-races	123	11.7	207	18.0
Total	1,048	100.0	1,151	100.0
Unknown/Not reported	80		80	
Gender				
Female	652	60.9%	570	48.9%
Male	419	39.1	596	51.1
Total	1,071	100.0	1,166	100.0
Unknown/Not reported	57		65	
Student Age				
Younger than 20	450	40.7%	680	56.0%
20 – 24	324	29.3	297	24.5
25 – 29	102	9.2	97	8.0
30 – 39	115	10.4	73	6.0
40 – 49	71	6.4	40	3.3
50 and older	45	4.1	27	2.2
Total	1,107	100.0	1,214	100.0
Unknown/Not reported	21		17	
Foster Youth				
Foster Youth	19	1.7%	12	1.0%
Not foster youth	1,109	98.3	1,219	99.0
Total	1,128	100.0	1,231	100.0
CARE Program*				
Student served by CARE program	38	3.4%	N/A	N/A
Not a CARE student	1,090	96.6	1,231	100.0
Total	1,128	100.0	1,231	100.0

* Students served by the CARE program are identified only though their participation in the EOPS/CARE program. Thus, the CARE status of students **not** participating in EOPS/CARE is unknown.

Source: SMCCCD Student Database, Academic History; CCCCO MIS Database.

Table 1

Course Outcomes: Success and Retention

	EOPS Students		Potentially Eligible Students		Collegewide Total, 2013-14 Snapshot
Number of Students	1,128		1,231		14,500
Total course enrollments	20,504		15,809		48,469
Course success	13,852	67.6%	7,949	50.3%	70.2%
Course retention	16,838	82.1	11,887	75.2	84.1

Note: Success count is number of enrollments with grade of A,B,C,P,IA,IB,IC,IPP. Retention count is number of enrollments with grade of A,B,C,D,F,P,NP,I*,IPP,INP,FW

Sources: SMCCCD Student Database, Academic History; Program Review 2015 Cycle.
Table 2

Term-to-Term Persistence

	EOPS Students		Potentially Eligible Students	
Number of Students	1,076		1,223	
Persisted from first Fall to next Fall	669	62.2%	589	48.2%
Persisted first 3 consecutive terms	702	65.2	607	49.6

Note: Analysis does not include students whose initial tracking term was spring 2014. Students whose initial tracking term was spring were tracked from the subsequent fall term to the following fall term.

Source: SMCCCD Student Database, Academic History

Table 3

Dean's List Recognition

	EOPS Students		Potentially Eligible Students	
Earned Dean's List Recognition	372	33.0%	186	15.1%
Not on Dean's List	756	67.0	1,045	84.9
Total	1,128	100.0	1,231	100.0

Source: SMCCCD Student Database.

Table 4

Degrees and Certificates Earned

	EOPS Students		Potentially Eligible Students	
Number of students	1,128		1,231	
Earning any award (AA/AS, CA, CS)	261	23.1%	51	4.1%
Associate Degree	186	16.5	27	2.2
Certificate of Achievement	145	12.9	28	2.3
Certificate of Specialization	58	5.1	9	0.7

Note: Awards earned tracked through summer 2014. Number of students includes those whose initial tracking term was spring 2014. Outcomes do **not** include transfers to 4-year institutions. AA/AS Degrees include AA-T and AS-T Degrees.

Source: SMCCCD Student Database, Academic History

Table 5

Transfer to Four-Year Colleges and Universities

	N	After 2 years		After 3 years		After 4+ years	
EOPS Students	609	61	10.0%	116	19.0%	151	24.8%
Potentially Eligible Students	746	16	2.1%	45	6.0%	73	9.8%

Universe: Students whose first term in EOPS or at CSM is Fall 2009 through Fall 2011. Only includes students with matching National Student Clearinghouse records.

Note: Counts and percentages are cumulative. For example, "After 3 years" includes students who transfer after 1, 2, and 3 years.

Source: National Student Clearinghouse; SMCCCD Student Database.

Table 6

SKYLINE COLLEGE EOPS PROGRAM

OUTCOMES COMPARISON OF EOPS VS. POTENTIALLY EOPS ELIGIBLE STUDENTS FALL 2009 – SPRING 2014

Data Included:

- Table 1: Demographics of EOPS and Potentially EOPS Eligible Students
- Table 2: Course Outcomes: Success and Retention
- Table 3: Term-to-Term Persistence
- Table 4: Dean's List Recognition
- Table 5: Degrees and Certificates Earned
- Table 6: Transfer Rates

Key Findings:

- This study tracks the course and completion outcomes of EOPS students (n=1,158) and students potentially eligible for EOPS (*n* = 639) enrolled at Skyline, fall 2009 to Spring 2014.

- Potentially eligible students were selected on academic and economic characteristics similar to EOPS students: placement in basic skills math, English, reading, and/or ESL; BOG waiver eligibility; accumulation of no more than 12 district units; and enrollment in a minimum of 9 units in the initial term. Table 1 provides a comparative demographic profile of these students.

- Course outcomes were assessed through Fall 2014. Degree and certificate outcomes were assessed through summer 2014.

- EOPS students outperform their non-EOPS counterparts on some, but not all metrics. Additionally their performance is comparable on metrics such as successful course completion and persistence, with the notable exception of Associates Degree a (22.3% vs. 7.7%) and Certificate (12.3% vs. 3.8%) completion.

DEMOGRAPHICS OF EOPS AND POTENTIALLY EOPS ELIGIBLE STUDENTS

	EOPS Students		Potentially Eligible Students	
Ethnicity				
African American	130	11.7%	34	5.4%
Asian	230	20.7%	157	25.1%
Filipino	96	8.6%	119	19.0%
Hispanic	328	29.5%	138	22.0%
Native American/Alaskan Native	8	0.7%	1	0.2%
Pacific Islander	27	2.4%	14	2.2%
White	128	11.5%	66	10.5%
Multi-races	165	14.8%	97	15.5%
Total	1,112		626	
Unknown/Not reported	46		13	
Gender				
Female	727	63.8%	331	52.2%
Male	413	36.2%	303	47.8%
Total	1,140		634	
Unknown/Not reported	18		5	
Student Age				
Younger than 20	133	11.5%	307	48.0%
20 – 24	530	45.8%	200	31.3%
25 – 29	193	16.7%	58	9.1%
30 – 39	167	14.4%	39	6.1%
40 – 49	85	7.4%	18	2.8%
50 and older	48	4.2%	17	2.7%
Total	1,156		639	
Unknown/Not reported	2			
Foster Youth				
Foster Youth	27	2.3%	6	0.9%
Not foster youth	1,131	97.7%	633	99.1%
Total	1,158		639	
CARE Program*				
Student served by CARE program				
Not a CARE student	1,158			
Total	1,158		639	

* Students served by the CARE program are identified only though their participation in the EOPS/CARE program. Thus, the CARE status of students **not** participating in EOPS/CARE is unknown.

Source: SMCCCD Student Database, Academic History; CCCCO MIS Database.

Table 1

COURSE OUTCOMES: SUCCESS AND RETENTION

	EOPS Students		Potentially Eligible Students		Collegewide Total, 2013-14 Snapshot
Number of Students	1,158		639		14,324
Total course enrollments	13,147		8,087		52,621
Course success	9,370	71.3%	5,668	70.1%	69.7%
Course retention	11,195	85.2%	6,976	86.3%	85.0%

Note: Success count is number of enrollments with grade of A,B,C,P,IA,IB,IC,IPP. Retention count is number of enrollments with grade of A,B,C,D,F,P,NP,I*,IPP,INP,FW

Sources: SMCCCD Student Database, Academic History

Table 2

TERM-TO-TERM PERSISTENCE

	EOPS Students		Potentially Eligible Students	
Number of Students	1,130		598	
Persisted from first Fall to next Fall	839	74.2%	422	70.4%
Persisted first 3 consecutive terms	792	70.1%	405	67.7%

Source: SMCCCD Student Database, Academic History

Table 3

DEAN'S LIST RECOGNITION

	EOPS Students		Potentially Eligible Students	
Earned Dean's List Recognition	374	32.3%	107	16.7%
Not on Dean's List	784	67.7%	532	83.3%
Total	1,158		639	

Source: SMCCCD Student Database.

Table 4

DEGREES AND CERTIFICATES EARNED

	EOPS Students		Potentially Eligible Students	
Number of students	1,158		639	
Earning any award (AA/AS, CA, CS)	352	30.4%	67	10.5%
Associate Degree	258	22.3%	49	7.7%
Certificate of Achievement	143	12.3%	24	3.8%
Certificate of Specialization	34	2.9%	4	0.6%

Outcomes do **not** include transfers to 4-year institutions. AA/AS Degrees include AA-T and AS-T Degrees.

Source: SMCCCD Student Database, Academic History

Table 5

TRANSFER RATES BY EOPS STATUS

	N	After 2 years		After 3 years		After 4+ years	
EOPS Students	825	62	7.5%	120	14.5%	240	29.1%
Potentially Eligible Students	230	8	3.5%	26	11.3%	42	18.3%

Universe: Students whose first term in EOPS or at Skyline College is Fall 2009 through Fall 2011. Only includes students with matching National Student Clearinghouse records.

Note: Counts and percentages are cumulative. For example, "After 3 years" includes students who transfer after 1, 2, and 3 years.

Source: National Student Clearinghouse; SMCCCD Student Database.

Table 6

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-5C

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

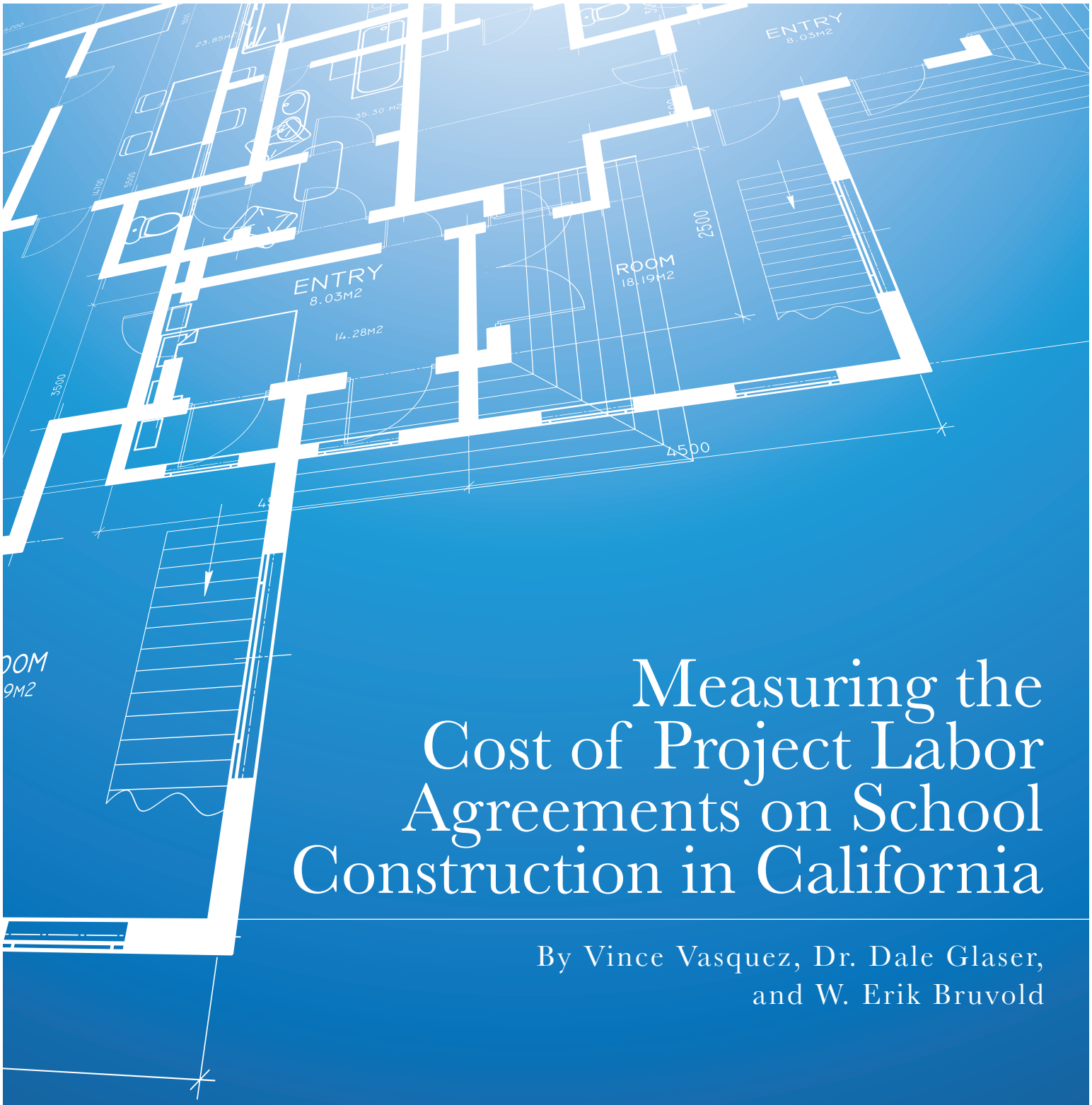
PREPARED BY: José D. Nuñez, Vice Chancellor, Facilities Planning and Operations, 358-6836

DISCUSSION OF PROGRAM LABOR STABILIZATION AGREEMENT (PROJECT LABOR AGREEMENT)

In January 2002 (Board Report No. 02-1-107B), the Board adopted Resolution No. 02-2, authorizing the District Chancellor to negotiate Project Labor Agreements (PLA). In May 2003 (Board Report No. 03-5-104B), the Board authorized the District Chancellor to execute a Program Labor Stabilization Agreement (also known as a PLA) between the San Mateo County Community College District and the San Mateo County Building & Trades Council AFL-CIO and its member organizations. In April 2007 (Board Report no. 07-4-100B), the Board authorized the Chancellor to amend the Program Stabilization Agreement for the San Mateo County Community College District Capital Improvement Program. Subsequently, amendments to add additional trades were executed in 2002 and 2012.

As requested by President Miljanich, staff conducted a brief review of information that is available regarding PLAs and located the following three (3) studies:

- Measuring the Cost of Project Labor Agreements on School Projects in California
- Project Labor Agreements (published by Michigan State University, University of Rhode Island and University of Utah)
- Project Labor Agreements' Effects on School Construction Costs in Massachusetts



Measuring the Cost of Project Labor Agreements on School Construction in California

By Vince Vasquez, Dr. Dale Glaser, and W. Erik Bruvold

National University System
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ABOUT THE NATIONAL UNIVERSITY SYSTEM INSTITUTE FOR POLICY RESEARCH

The National University System Institute for Policy Research is a non-partisan organization that formulates and promotes high quality economic, policy, and public-opinion research to improve the efficiency and effectiveness of local governments in San Diego County and the quality of life enjoyed by the region's citizens. For more information, visit: www.nuinstitute.org

This study was underwritten, in part, by the Associated Builders and Contractors, California Cooperation Committee (ABC-CCC). All conclusions, errors and omission are the sole responsibility of the authors. We thank ABC-CCC for their support.

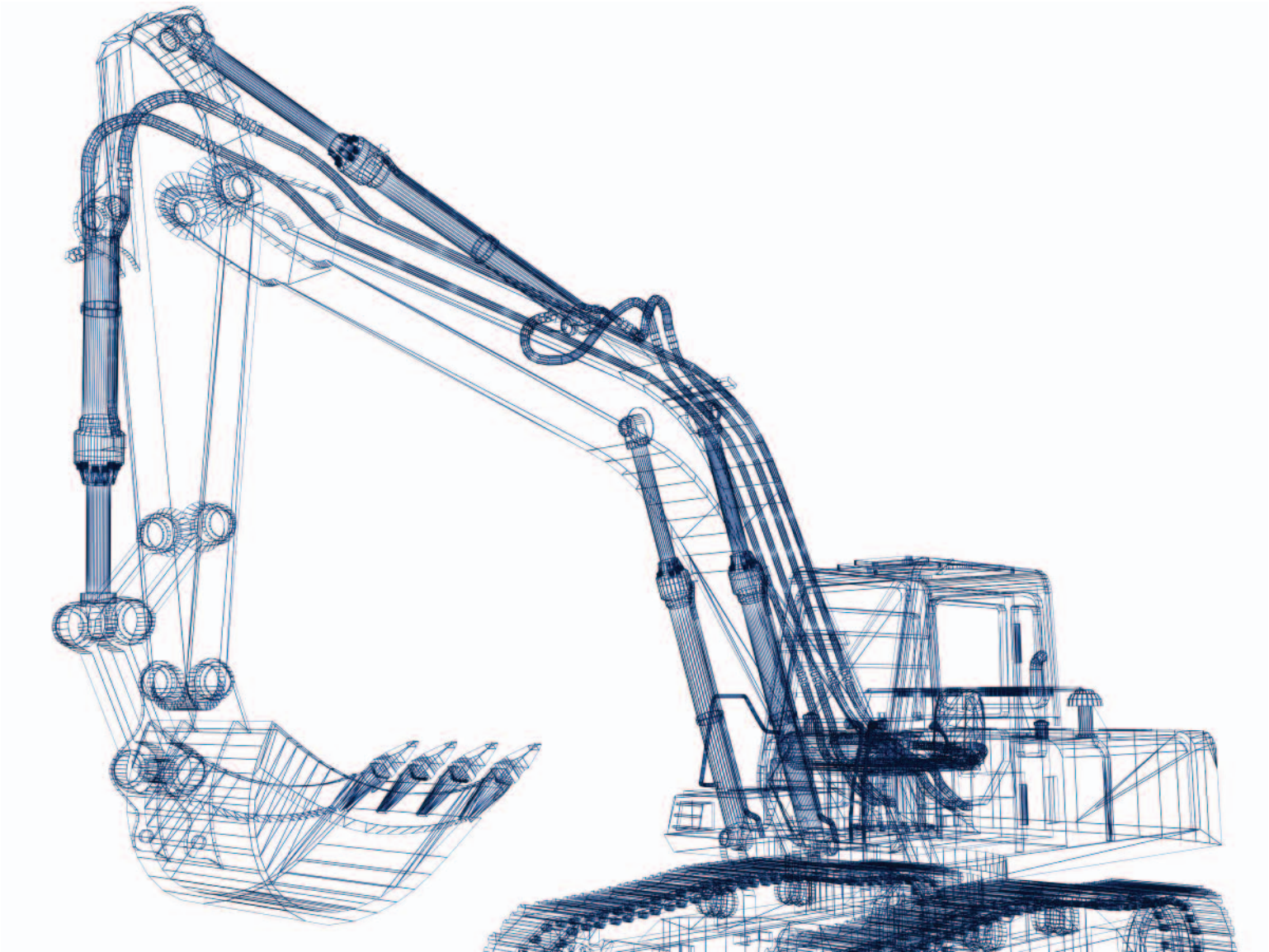
ACKNOWLEDGMENTS

The authors would like to acknowledge a number of individuals that have made the completion of this report possible. All errors, omissions or faults are solely those of the authors.

Recognition is due to Dr. Jerry Lee, Chancellor of the National University System, and the NUSIPR Advisory Committee, whose guidance and support was instrumental from beginning to end. We also would like to thank Dr. Paul Bachman of the Beacon Hill Institute at Suffolk University whose original work in this area inspired us when we first encountered it almost a decade ago.

Jason Clemens of the Pacific Research Institute, Dr. Michael D. Winters of Caldwell Flores Winters, Inc., and Vladimir Kogan, UCSD Ph.D. candidate provided extremely useful insight during critical parts of the project. Additionally, the report benefited from the professional and courteous assistance of many public officials whom promptly provided public documents and answered detailed questions, including various school district representatives, and employees at the Office of Public School Construction and the Division of the State Architect.

The authors would also like to extend a special thank you to the extensive comments they received from Mr. Richard G. Little and his team at The Keston Institute for Public Finance and Infrastructure Policy at the University of Southern California. Their review was requested by the project sponsors, and the final comments the authors received from them are included in this report as Appendix A.



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Project Labor Agreements (PLAs) are collectively bargained contracts that establish working conditions and management rights.

This study examines the relationship between the adoption of PLAs and public school construction costs in California.

EXECUTIVE SUMMARY

Project Labor Agreements (PLAs) are collectively bargained contracts that establish working conditions and management rights. They have been used by both public and private entities since the 1930s. In the debate over the use of PLAs, one of the most prominent areas of disagreement is whether these contracts effect construction costs[1]. Supporters argue that PLAs save public dollars because contractors with highly skilled workers are more likely to participate in construction projects, resulting in higher worker productivity and fewer change orders[2]. Proponents also contend that special provisions in PLAs enhance job site cooperation and ensure quick and effective resolution of labor disputes that would otherwise result in delays that could either increase costs or create severe operational disruptions.

Opponents argue that PLAs increase costs. They claim that the requirements imposed by PLAs discourage nonunion contractors from bidding on projects and subcontractors from participating. This reduced competition, it is claimed, results in overall higher bids. Opponents also claim that the work condition rules required in PLAs increase labor costs and that these are passed onto the project's developer.

This study examines the relationship between the adoption of PLAs and public school construction costs in California. We examine the inflation-adjusted square foot construction costs for 551 school projects in California built between 1995 and 2009. Sixty-five of these projects were built using PLAs in eight separate school districts.

Our research shows that PLAs are associated with higher construction costs. We found that costs are 13 to 15 percent higher when school districts construct a school under a PLA. In inflation-adjusted dollars, we found that the presence of a PLA is associated with costs that are $28.90 to $32.49 per square foot higher.

The relationship between the presence of a PLA and higher school construction costs was found when controlling for other factors that previous study in this field found to effect the costs of construction. We conducted three sensitivity tests, including and excluding projects known to have extraordinary costs and employing statistical tests that neutralize the impact of outliers on results. In each case, we found that school construction costs were higher when PLAs were used.

PROJECT LABOR AGREEMENTS

Project Labor Agreements (PLAs) are contracts signed between construction trade unions and project owners (in this research, school district officials) to establish working site conditions and management rights prior to the start of project construction.[3] On federal projects, PLA use dates back to at least 1938 when a PLA was signed for the construction of the Grand Coulee Dam in Washington State. In 1940, a similar agreement was used during the construction of the Shasta Dam in Northern California. Other major public infrastructure projects built under PLAs include atomic facilities in Oak Ridge, Tennessee; Hanford, Washington; the Nevada Test Site; NASA's Cape Canaveral Launch Operations Center (now known as the Kennedy Space Center), and Mississippi Test Facility (now known as the John C. Stennis Space Center).

There is variation among the provisions in PLAs, but generally they contain two key components. The first involves how labor disputes will be handled. Contractors who are party to PLAs agree not to lock out workers from worksites. In turn, the construction trade unions agree to refrain from strikes. Both parties consent to a process where disputes are resolved without labor disruptions, usually under some form of accelerated arbitration.

The second core component found within PLAs involves who will be hired and the conditions of their employment. Signatories to these agreements recognize labor unions as the exclusive bargaining representative for all project workers. Common to most PLAs is a requirement that contractors use a centralized union job referral system or "hiring hall" as a source of workers.[4] Most PLAs require workers on the project to pay union dues, regardless of their membership status. Also common are requirements that contractors make payments on behalf of their workers to union-affiliated fringe benefit trust funds during the course of the project.

Debates about the efficiency and effectiveness of these agreements are intense. Supporters of PLAs argue that they keep costs down and ensure timely construction (and create ancillary benefits beyond the construction of the project).[5] By agreeing to predetermined wages and benefits by mandating the use of union hiring halls, proponents argue that labor markets are more effective and the supply is more certain. Proponents also argue that worker grievances and alleged contract violations can be resolved quickly and more efficiently under PLAs. As

THIS STUDY, WE BELIEVE, BREAKS NEW GROUND IN SIX IMPORTANT WAYS:

1) The data set examined is more than four times larger than the next largest data set used in similar studies.

2) By confining the study to a single state with a highly detailed and prescriptive education-construction code, we partially controlled for factors like architectural requirements and construction regulations.

3) We have richness in the data. Projects ranged from small school additions in rural school districts to large high school facilities built in densely populated urban areas.

4) The data obtained relate to the final cost of construction.

5) NUSIPR took into consideration how some isolated school construction projects were exceptionally costly for reasons unrelated to labor practices. We did this in several ways, including the use of robust regression tests and respecifying the model, excluding projects like the Los Angeles Unified School District's Belmont Learning Center (now known as the Edward R. Roybal Learning Center).

6) We cross-referenced data obtained from districts via public records access laws with data obtained from the California Division of the State Architect. When there were discrepancies, we contacted the school districts to resolve differences in the data, sometimes utilizing the state's public records access laws for a second time. This approach refined data to a much higher degree than in prior studies and offers a way for future researchers to duplicate our methods and confirm our findings.


In each case, we found
that school construction costs
were higher when Project
Labor Agreements were used.

noted, strikes and lockouts are explicitly prohibited. Proponents also claim that PLA requirements involving apprenticeship programs and improved workplace safety lower workers' compensation claims. In total, proponents argue that these provisions create stability and predictability that reduce delays, cost overruns, and change orders, thus increasing the likelihood that projects will be completed on-schedule and on-budget.

PLA critics argue that the provisions within labor agreements are onerous, discriminatory, and unnecessary. They claim that construction projects under PLAs are less likely to receive interest from nonunionized contractors and subcontractors. This results in fewer bidders and less competition, which in turn, leads to higher costs. Mandatory contributions to union trusts for worker benefits (healthcare, pension, etc.) mean some nonunion contractors and subcontractors will have higher labor costs, some of which will be passed through to the project's owner.

PREVIOUS PLA RESEARCH ON COSTS OF NEW SCHOOL CONSTRUCTION

There is an increasing body of empirical research in both mainstream economics and public policy studies that has looked at costs of new school construction. Many studies focused on a single case. For example, the Pasadena City Council re-bid a contract to build a power plant in 2003, amending the contract and adding a PLA. The lowest bidder, Sermatech Power Solutions, increased its bid by 15 percent, from $14.9 million to $17.2 million, to complete the work. In a local newspaper, the vice president, Nathen Howard, stated that "the additional cost is '100 percent' due to the PLA, and that the city actually removed several work items from the contract."[6] Similarly, Oakland Unified School District retroactively added a PLA to a contract to renovate Burckhalter Elementary School in 2004. The original contract winner (and lowest bidder), M. A. Davies Builders, competed against seven other bidders and offered to complete the job for $1.8 million. After Oakland Unified rebid the contract under a PLA, only three companies placed bids, and the lowest bid came in at $2.2 million, a 22 percent increase.[7]

A handful of studies have gone beyond the case study approach and employed comparative techniques. For example, a 2001 UCLA report examined three utility projects in California built under a PLA and featured the testimony of project managers who broadly reject the criticisms of PLA opponents.[8] In 2010, a report from New Jersey's Department of Labor examined the award costs of new school construction for forty PLA projects and thirty-five non-PLA projects.[9] They found that the inflation-adjusted cost per square foot for PLA projects was 30.5 percent higher than for non-PLA projects. The report also concluded that PLA project costs were higher than non-PLA project costs even when controlling for other variables, such as region and type of school.

These anecdotes and narrow approaches have limited value because they are unable to control for other important variables, such site conditions or the complexity of construction (both of which impact costs). These studies also can exhibit selection bias, as proponents and opponents seek out the best cases with which to illustrate their respective points. Often, the projects examined are so unique as to be of limited utility to those trying to understand the general impact of PLAs across geographic and temporal boundaries.

Two groups of researchers have used statistical techniques and larger data sets to better understand construction costs. The first, the Beacon Hill Institute at Suffolk University, published a study in 2003 comparing school construction costs in the Boston area. Written by Paul Bachman, Darlene C. Chisholm, Jonathan Haughton, and David G. Tuerck (Bachman et al.), the study examined a relatively large sample of 126 school construction projects in the greater Boston metropolitan area, 21 of which were built under a PLA.[10] Comparing the preliminary project bid amounts of their sample across five different models, Bachman et al. determined that PLAs increased the cost of projects by $12 to $20 per square foot, or nine percent to 15 percent more than the average cost of a non-PLA project. The researchers were then able to obtain actual construction cost information for 62 projects, and of these, PLA projects cost $16.51 more per square foot than non-PLA projects, a 12 percent premium.

Bachman et al. analyzed their data using regression analysis, a class of statistical techniques used to test relationships between a dependent variable and one or more independent variables. The authors constructed several models, each containing three to seven independent variables. Factors Bachman et al. examined included the number of floors in the construction project, whether the project was new construction or a renovation, and whether the school was an elementary or high school. The researchers consistently found a statistically significant relationship between the presence of a PLA and higher construction costs across all their models.

Bachman et al. have expanded upon their Massachusetts PLA

work in several subsequent studies. In 2004, they published a study with Jonathan Haughton and David G. Tuerck analyzing 71 public schools in the state of Connecticut, of which 14 were built under a PLA. That study found a significant cost increase related to school district requirements that contractors sign PLAs with unions—an 18 percent premium over the average cost of non-PLA projects.[11] In 2006, Paul Bachman and David G. Tuerck examined a sample of 117 public school construction projects in New York State, of which 19 (16 percent) were PLA projects. Bachman and Tuerck found that PLA projects added approximately $27 more per square foot (in 2004 dollars) to the bid cost of construction, which is a 20 percent increase over the average bid cost per square foot for non-PLA projects.[12]

The other principal group examining this issue is Dr. Dale Belman and Russell Ormiston of Michigan State University and William Schriver and Richard Kelso of the University of Tennessee (Belman et al.). In 2005, they distributed a paper examining 92 school construction projects, 70 of which were in Massachusetts and 22 of which were in Rhode Island and Connecticut.[13] Of these, 10 school projects (10.8 percent) were built under a PLA. Belman et al. gradually increased the number of variables tested from three to 30 across six different models.[14] In the first two more leanly specified models, PLA projects in Massachusetts were initially found to be statistically significant, raising the cost of construction by an additional $28.57 to $32.31 per square foot, or 16.6 percent to 20.2 percent more than non-PLA projects. Belman et al. argued, however, that since contractors were often required to sign PLAs for the most complex, largest projects, a robust test would include additional explanatory variables that were likely to impact costs. The authors wrote, "Our research also indicates that schools built under PLAs are often more complex projects than those built without PLAs and that, absent appropriate controls for the nature of the construction, the increased costs associated with complexity are erroneously attributed to PLAs."[15] This expanded analysis found that while the schools built under PLAs had higher costs, this increase was not statistically significant. Belman et al. concluded that while "simple" statistical tests may find that PLAs raise the cost of school construction, "this is not found in more complete specifications that better fit the data."[16]

An updated 2006 brief from Bachman et al. took issue with the Belman et al. analysis, stating that "a cautious conclusion would be that the sample used is not large enough to permit one to conclude that PLAs have no significant effect on costs."[17] As Bachman points out, the Belman study failed to find any support for the proposition that PLAs actually lower construction costs. More recently, in 2010, Belman et al. reexamined their original 2005 data to determine whether it is possible to distinguish between the cost effect of PLAs and the effects of project characteristics commonly found in schools built under PLAs.[18] Looking at seventy school projects from Massachusetts, Belman et al. ran a series of statistical models that attempted to sift through the impact of variables, such as whether a project was built in Boston, within the Boston Public School District, and under a PLA.[19] Ultimately, the authors conclude that there is significant conflation between the presence of PLAs and characteristics commonly associated with PLA projects, and that, absent of a larger data set, it is not possible to statistically isolate their individual explanatory power over project costs. Belman et al. also found that "PLA and non-PLA schools have different and largely non-comparable characteristics" that impair researchers' ability to use advanced statistical techniques that could provide answers in the PLA debate.[20]

CALIFORNIA SCHOOL CONSTRUCTION AND PLAs

This research seeks to expand upon prior work by looking at the effects of PLAs in California. The Belman et al. and Bachman et al. studies provide valuable insight into the fiscal impact of PLAs in general. However, both sides have insufficient sample sizes, which make it difficult to isolate the impact of PLAs from the myriad of other factors that can impact costs, especially in the urban settings where they are frequently employed. The National University System Institute for Policy Research (NUSIPR) set out in May 2010 to assess the impact of PLAs on the cost of public school construction projects in California. The timing for this research is particularly appropriate, as debates over the use of PLAs in school construction are becoming increasingly pronounced.

To date, 24 California K–12 school districts have adopted PLAs covering school construction. In the course of our research, we were ultimately successful in making contact with eight of these school districts: Los Angeles Unified, West Contra Costa Unified, San Leandro Unified, Roseville City Elementary,[21] Pittsburg Unified, Oakland Unified, Sacramento City Unified, and Santa Ana Unified. This allowed us to initially identify 127 PLA projects with significant variation on several independent variables that prior research suggested affect school construction costs.[22] These variables include total square footage; the start and end date of project construction; whether demolition was required prior

to construction; the number of stories; and whether a gym or swimming pool was built under the project.

In addition, California has an education code that is highly prescriptive with respect to construction standards and requirements. Through the Division of the State Architect (DSA), the State of California enforces minimum statewide standards for school design, structural safety, construction, and planning.[23] We believe this highly prescriptive code creates greater uniformity and reduces regulatory variance among different school projects. This isn't to say there are no differences or outliers, but, compared to the areas examined by previous studies, California schools look remarkably similar with respect to design, construction specifications, and the kind of features that are or are not included.[24]

Finally, this study benefits from two factors unique to California that facilitated data collection. First, the State of California has a comprehensive public records disclosure law for state and local governments. Rather than depending on interviews or voluntary data from project architects or subcontractors, we were able to gather data about costs and project characteristics directly from school districts. (For a copy of our Public Record Act requests, see appendix B.)

Secondly, data on final construction costs for California public schools completed over the last 10 years are available in a searchable database located on the California Division of the State Architect website. This database was an invaluable tool for confirming the data provided by districts and identifying the presence of discrepancies that required follow up, refinement, and confirmation.

METHODOLOGY

As with the Bachman et al. and Belman et al. studies, we first gathered school construction information from McGraw Hill Construction/Dodge reports. This data source, which is used by general contractors to prepare work bids, lists numerous features about construction projects, including the school district, site location, square footage, estimated project value, and construction start date. In many cases, it also contains contact information for the district, including in most cases a mailing address and, occasionally, the names of actual individual employees.

We began by identifying all California school construction projects built from 1996 through 2008, which yielded almost 11,000 projects. To reduce this number to a workable set of cases, we limited our analysis by square footage and project value, similar to other studies. For example, Bachman et al. 2003 limited their Dodge data to school projects from the greater Boston area that ranged between 40,000 and 400,000 square feet, were valued at $5 million or more, and were built between 1995 and 2003.[25] The Belman et al. study limited its scope to the years 1996–2002, with no specified size range. With an interest in obtaining both current data and historical data, NUSIPR targeted new construction projects between 40,000 and 400,000 square feet, with a valuation of $5 million or more, and which Dodge identified as being built between 1996 and 2008.[26] These parameters reduced our data set to 1,023 school construction projects.

Both Belman et al. and Bachman et al. verified Dodge data with surveys of architects and contractors involved in the projects and directly obtained final construction data from school district officials. Faced with a significantly larger sample size, we chose a different approach, soliciting data from individual school districts via a California Public Records Act request.[27]

We requested information from 319 different California school districts. The letters listed the school construction projects of interest and requested information or documentation on the following:

- The project's total square footage
- The project's total construction cost
- The start date and end date of construction
- The type of school project built (elementary, high school, etc.)
- Whether the project was built under a PLA
- Whether the project was new construction or a modernization of an existing facility
- The number of stories built
- Whether the project included an HVAC system
- Whether the project included the construction of a gym
- Whether the project included the construction of a swimming pool
- Whether the project required demolition of existing structures[28]

This request generated complete data from approximately 50 percent of schools. Subsequently, NUSIPR followed up at least three times with school officials to obtain missing or incomplete data or to refine the parameters of our request. Over the course of seven months of active data collection, we made telephone


In addition, California has an education code that is highly prescriptive with respect to construction standards and requirements.

calls at least twice to school districts that failed to respond to the initial request or did not provide the data requested in their response. If we still did not receive data, the projects were eliminated from the sample.

We then verified the data from a second source, the California Division of the State Architect's (DSA) online Project Tracking System.[29] The data comes from a form submitted by the districts to the DSA when the construction contract is awarded and the change order documents are submitted to the DSA during the final review process.

We found it necessary to use both information sources. The DSA database contains neither information about construction site characteristics nor uniform information about the square footage of projects. In several instances, a new construction project is reported out in phases or aggregated with other projects undertaken by the district. Ultimately, the greatest value of the DSA database was in identifying discrepancies in the PRA information provided or in helping us to identify those school districts that required follow-up and refinement.

To control for the rise in construction costs during the period of time in our sample, we adjusted for inflation using the California Construction Cost Index (CCCI), which averages the costs of industry labor wages and building materials in Los Angeles and the San Francisco Bay Area.[30] We adjusted the cost per square foot of construction using a constant of 2000 dollars. This adjustment is similar to the "deflation" techniques used by both Bachman et al. and Belman et al.[31]

RESULTS

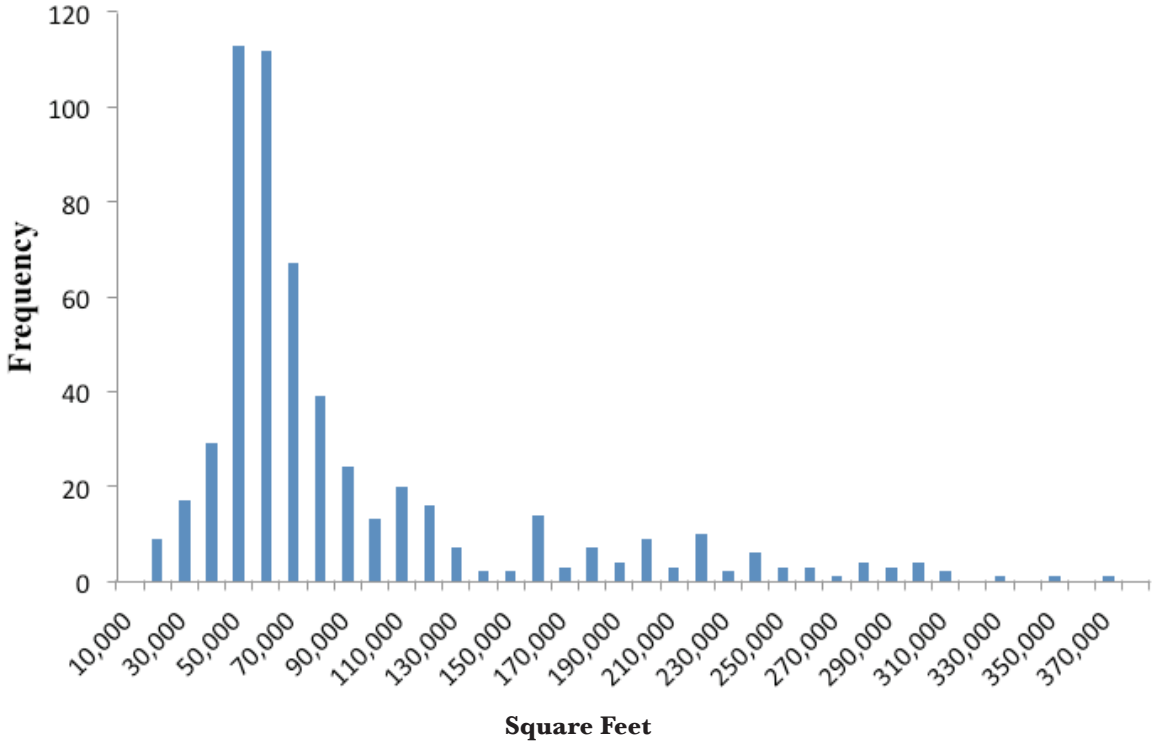
Our final sample size consisted of 551 school construction projects (a 53.8 percent inclusion rate) originating from 180 school districts and spread across 37 counties.[32] Our sample size is four times larger than any other data sample featured in a published PLA study.[33] (Chart 1)

Overall, 25.7 percent of projects (142) in our sample were classified as urban schools, 44.6 percent (246) as suburban schools, and 29.5 percent (163) as rural schools. Of these, 333 were elementary schools, 248 were single story projects, and 259 had a gym or multi-purpose room. Few projects contained

CHART 1: PLA Statistical Study Comparison

Study Name, Author	Year of Study	Number of Schools	Dependent Variable	Data Independently Available?
"The Effect of Project Labor Agreements on the Cost of School Construction," Belman et al.	2005	92	inflation-adjusted final cost of construction per square foot; inflation-adjusted log of final cost per square foot	No
"Do Project Labor Agreements Raise Construction Costs?," Bachman et al.	2003	126	inflation-adjusted bid cost of construction per square foot	No
"Do Project Labor Agreements Raise Construction Costs?," Bachman et al.	2003	62	inflation-adjusted final cost of construction per square foot	No
"Project Labor Agreements and Public Construction Costs in New York State," Bachman and Tuerck	2006	117	inflation-adjusted bid cost of construction per square foot	No
"Project Labor Agreements and Public Construction Costs in Connecticut," Bachman et al.	2004	71	inflation-adjusted final cost of construction per square foot	No
"Measuring the Cost of Project Labor Agreements on School Construction in California," Vasquez et al.	2011	551	inflation-adjusted final cost of construction per square foot	Yes

CHART 2: Histogram of Square Footage Figures in Sample



swimming pools (27), and less than a quarter required the demolition of existing structures on site (132). Within our sample, we were able to positively identify 486 school construction projects as non-PLA, while 65 (11.7 percent) were built under a PLA. This ratio is similar to the ones found in Belman et al. and Bachman et al. Most schools were built in Southern California and the Central Valley. As Charts 2 and 3 show, most school projects ranged from 50,000 to 70,000 square feet, and $10 to $20 million in total construction costs.

The average inflation-adjusted cost per square foot for these projects in California was $228.56 with a standard deviation of $78.08. Construction projects under PLAs were found to cost substantially more, with an average (mean) adjusted cost per square foot of $302.98, and a standard deviation of $102.21. In contrast, projects not built under PLAs had a mean cost of $218.61, with a standard deviation of $68.51.

This is not the whole story. If, for example, PLAs are principally found on projects in urban areas where the demolition of structures is necessary, or on multi-story projects, the observed cost differences may be a result of these project characteristics, not a PLA. Hence, we must isolate the impact of PLAs on adjusted square foot costs from other variables. To do so, we conducted a multiple linear regression analysis of the construction data. We utilized the ordinary least squares method,[34] conducting several sensitivity tests and specified models.

In our final model, we found a statistically significant relationship between PLAs and inflation-adjusted per square foot costs. Controlling for other factors that effect the costs of construction, this test indicated that new school construction projects built under a PLA cost $28.90 (13 percent) more per square foot than non-PLA projects. The following predictors also attained statistical significance: the presence of a gymnasium or pool, whether demolition of structures was required, the average date of construction, and the square footage.[35] (Chart 5)

The percentage of variability that can be explained by a statistical model is often reflected by the value of the model's r-squared value. For the full NUSIPR model, 27.9 percent of the variation in total cost was accounted for by the set of predictors. An r-squared value of 0.279 would generally be considered to be a large effect size for social science research. It is also within range of the r-squared estimates found in previous research.[36] Similar to Beacon Hill, NUSIPR conducted a weighted regression of the sample. This test found that

CHART 3: Histogram of Total Project Cost Figures in Sample in Present Dollars

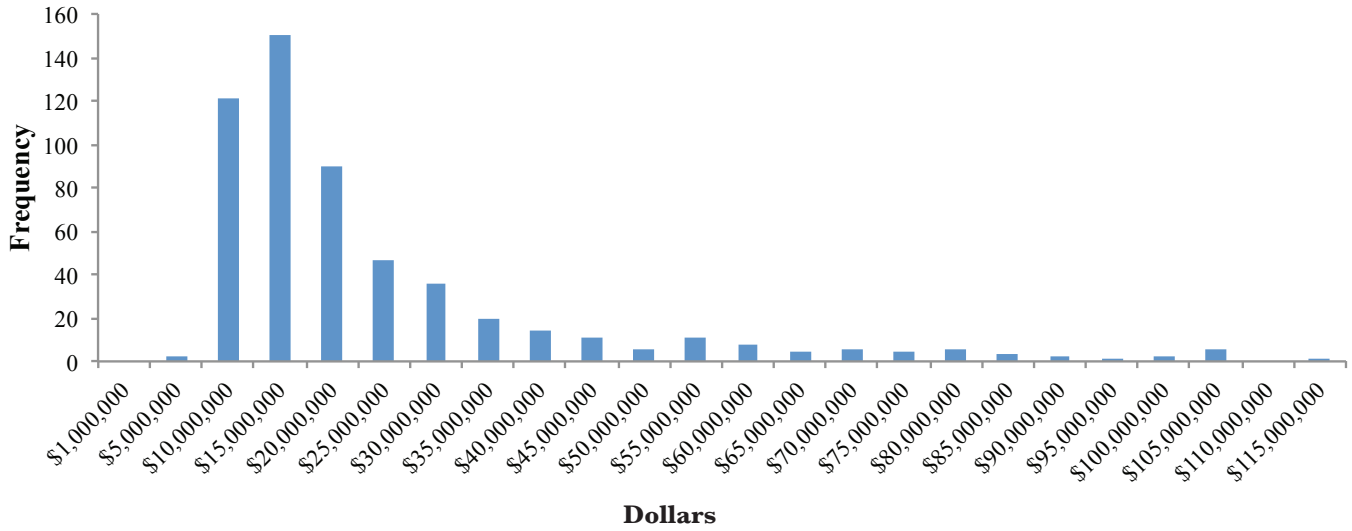


CHART 4: PLA Statistical Study Results Comparison

Study Name, Author	Year of Study	Number of Schools	Additional Cost per Square Foot	Percentage Increase Cost
"The Effect of Project Labor Agreements on the Cost of School Construction," Belman et al.	2005	92	$29-$32	17%-20% *
"Do Project Labor Agreements Raise Construction Costs?," Bachman et al.	2003	62	$12-$20	9%-15%
"Project Labor Agreements and Public Construction Costs in Connecticut," Bachman et al.	2004	71	$30	18%
"Measuring the Cost of Project Labor Agreements on School Construction in California," Vasquez et al.	2011	551	$29-$32	13%-15%

**As noted on Page 5, the fully specified model did not find PLAs were significant.*

PLAs remain statistically significant and increase costs by $32.49 per square foot of school construction, or 15 percent, compared to non-PLA projects. The r-squared value increased slightly to 0.2861, and all other predictors were determined to be significant. Based on the results from the weighted regression and ordinary least squares tests, we found overall that PLAs increase the adjusted square foot final costs of construction by 13%-15%, or approximately $29-$32 per square foot. These results are similar to those found from samples of school construction projects in other states, where final project costs were examined (See Chart 4).

ROBUST REGRESSION AND ROBUST ESTIMATOR RESULTS

In statistical science, probability theory suggests that random values will cluster fairly consistently around the mean or average value. This is known as normal distribution, and it typically takes the shape of a bell curve on an x and y axis. However, when the sequence of random data points lacks this

CHART 5: Ordinary Least Squares Analysis Results

Regression Technique	Variable	b[1]	t-statistic	p-value	Significant?[2]
Ordinary Least Squares *r2 = .279* *F(8,542) = 26.42* *p < .05*	PLA	28.902	2.523	.012	Yes
	Elementary	-8.599	-1.186	.236	No
	Stories	-10.299	-1.419	.157	No
	Gym	25.304	3.511	< .001	Yes
	Pool	38.141	2.585	.010	Yes
	Demolition	18.529	2.216	.027	Yes
	Square Footage	-0.0002	-3.922	< .001	Yes
	Average Date	7.852	8.367	< .001	Yes

[1] Unstandardized partial coefficient
[2] $\propto = 0.05$

predicted uniformity, the data are called "heteroscedastic." Special statistical tests can be used to adjust values in the event of heteroscedasticity in a data set, dampening the effects of outliers at the far extreme of the data. In an effort to provide a rigorous analysis of our data, NUSIPR used two special techniques to address heteroscedasticity as well as outliers: the robust standard errors test (using Huber-White standard errors) and a robust regression. Both are standard robustness techniques, and Bachman et al. also used a Huber-White test to verify robustness.

Robust regression is a statistical technique that is used in conjunction with predictive models when the data set lacks normal distribution, or when there are substantive outliers that may skew the results from a standard regression test. In a robust regression analysis, the influence of outliers is down-weighted, allowing more statistical relationships to appear in the results. A robust standard errors test gives a more precise estimate of relationships when there is heteroscedasticity, or takes it into account. Using Stata 11.0 statistical software, we ran both analyses. In both cases, the presence of PLAs was found to be statistically significant. The complete results of these two statistical tests are shown in chart 6.

ADDITIONAL RESEARCH QUESTIONS

When testing the model for the full sample of schools, 27.9 percent of the variation in the CCCI adjusted cost per square footage was accounted for by the set of predictors. This is generally considered to be a large effect size. A sizeable amount of the variability in the outcome was accounted for in the model. Moreover, across the three alternative regression techniques (i.e., robust regression, regression with robust standard errors, and weighted regression), PLA and four other covariates (gym, pool, square footage, and average date) held as significant predictors with a similar pattern of results.

One issue that arose was that during this period, there were a handful of projects that had extraordinary circumstances that drove costs higher. Several of these were built under a PLA. So as not to bias the results, we eliminated from many of our initial statistical tests projects, such as the Edward R. Roybal Learning Center (formerly known as the Belmont Learning Center) and the Robert F. Kennedy Community Schools Complex.[37] We found that their inclusion or exclusion did not impact the results.

Furthermore, a peculiarity in our data set was the large number of PLA school projects that were built by a single school district, Los Angeles Unified (LAUSD). Part of the reason for this is that LAUSD is the largest school district in the state and has built projects using PLAs since 1999.

To address potential concerns about the disproportionate inclusion of projects from LAUSD, an alternative statistical

CHART 6: Robust Regression Analysis Results

Regression Technique	Variable	b[1]	t-statistic	p-value	Significant?[2]
Robust Regression	PLA	30.549	2.880	0.004	Yes
r2 = .211	Elementary	-12.095	-1.800	0.072	No
F(8,542) = 28.56	Stories	-4.416	-0.660	0.511	No
p < .05	Gym	15.437	2.320	0.021	Yes
	Pool	42.741	3.130	0.002	Yes
	Demolition	10.832	1.400	0.162	No
	Square Footage	-0.0002	-3.470	0.001	Yes
	Average Date	9.051	10.430	< .001	Yes
Robust Standard Errors	PLA	28.903	1.990	0.047	Yes
r2 = .279	Elementary	-8.599	-1.040	0.297	No
F(8,542) = 20.49	Stories	-10.299	-1.460	0.144	No
p < .05	Gym	25.303	3.380	0.001	Yes
	Pool	38.141	2.200	0.028	Yes
	Demolition	18.529	2.060	0.039	Yes
	Square Footage	-0.0002	-3.550	< .001	Yes
	Average Date	7.852	7.110	< .001	Yes
Weighted Regression (Sqr Foot)	PLA	32.498	2.980	0.003	Yes
r2 = .286	Elementary	-2.548	-0.320	0.746	No
F(8,542) = 27.15	Stories	-10.268	-1.550	0.122	No
p < .05	Gym	25.237	3.320	0.001	Yes
	Pool	29.949	3.160	0.002	Yes
	Demolition	20.948	2.580	0.010	Yes
	Square Footage	-0.0001	-2.680	0.008	Yes
	Average Date	7.420	8.190	< .001	Yes

[1] Unstandardized partial coefficient

[2] $\propto = 0.05$

model was examined that codes LAUSD as a dummy variable. PLAs did not yield statistical significance from these specialized tests. (Chart 7)

However, 47 out of 48 (97.92 percent) of the LAUSD school projects used PLAs, resulting in a large correlation effect with PLAs (correlation of LAUSD status and PLA is 0.825). This substantive overlap results in an inability to explain and identify the unique contribution of PLAs.[38] In fact, when the PLA variable was removed from the model and a new variable was included that identified whether a project was built in LAUSD, there were starkly similar results. Both variables (PLA and LAUSD) yielded statistical significance, and 28.7 percent of the variation in cost was accounted for.

When we test an alternative statistical model that removes all LAUSD projects from our data set, and test for fewer variables including square footage (and its squared, nonlinear counterpart), whether the project was a modernization, type of school, and presence of PLA, the r-squared value decreases to 9.6 percent,

CHART 7: LAUSD Regression Analysis Results

Regression Technique	Variable	b[1]	t-statistic	p-value	Significant?[2]
Ordinary Least Squares	PLA	6.598	.395	.693	No
r2 = .284	Elementary	-10.038	-1.379	.168	No
F(9,541) = 23.81	Stories	-10.283	-1.420	.156	No
p < .05	Gym	25.545	3.551	< .001	Yes
	Pool	36.675	2.488	.013	Yes
	Demolition	15.088	1.764	.078	No
	Square Footage	-0.0002	-4.022	< .001	Yes
	Average Date	7.944	8.471	< .001	Yes
	LAUSD	33.718	1.830	.068	No
Robust Regression	PLA	11.021	0.71	0.478	No
r2 = .216	Elementary	-12.918	-1.91	0.057	No
F(9,541) = 27.05	Stories	-3.998	-0.59	0.553	No
p < .05	Gym	15.445	2.31	0.021	Yes
	Pool	40.623	2.96	0.003	Yes
	Demolition	7.625	0.96	0.338	No
	Square Footage	-0.0002	-3.45	0.001	Yes
	Average Date	9.265	10.63	< .001	Yes
	LAUSD	35.851	2.09	0.037	Yes
Robust Standard Errors	PLA	6.599	0.35	0.727	No
r2 = .288	Elementary	-10.039	-1.23	0.22	No
F(9,541) = 18.69	Stories	-10.283	-1.45	0.147	No
p < .05	Gym	25.544	3.41	0.001	Yes
	Pool	36.675	2.11	0.036	Yes
	Demolition	15.088	1.64	0.102	No
	Square Footage	-0.0002	-3.66	< .001	Yes
	Average Date	7.944	7.1	< .001	Yes
	LAUSD	33.719	1.48	0.138	No
Weighted Regression (Sqr Foot)	PLA	13.354	0.82	0.410	No
r2 = .289	Elementary	-3.493	-0.44	0.657	No
F(9,541) = 24.48	Stories	-10.322	-1.56	0.120	No
p < .05	Gym	25.482	3.35	0.001	Yes
	Pool	28.673	3.02	0.003	Yes
	Demolition	18.030	2.17	0.030	Yes
	Square Footage	-0.0001	-2.75	0.006	Yes
	Average Date	7.519	8.29	< .001	Yes
	LAUSD	28.447	1.59	0.111	No

[1] Unstandardized partial coefficient

[2] $\propto = 0.05$


Our study, the largest and most comprehensive to date, provides new insight into the fiscal impact of Project Labor Agreements.

showing an appreciable decrement in model fit. PLA and all the other variables are still statistically significant. That said, the correlation of PLA and the price per square foot is only 0.163 and overall model fit is not impressive (r-squared = 0.096).

PLA projects and LAUSD schools both so strongly co-vary that it hinders us from delineating to what extent each uniquely contributes to explaining the variability in cost. We do, however, control for factors, such as: urban location, demolition, and multiple stories in our fully specified model. It is unknown what additional factors might plausibly account for higher construction costs in LAUSD projects. However, as previously noted, we do see a reduction in model fit when the LAUSD projects are excluded from the analysis. Hence, they are a substantive contributor to the overall fit of our model.

NUSIPR took additional efforts to resolve the collinearity in our data set. Following the methodology explained in the Belman 2010 study, we created a two-step propensity scoring technique. We first performed a binary logistic regression model, using all of the predictors that were originally used to predict the CCI adjusted cost per square foot, with the exception that the grouping variable of interest (PLA vs. non-PLA) now served as the binary outcome. This was accomplished using a propensity score matching macro developed for statistical software (SPSS). Based on the regression solution (the partial logistic coefficients), a predicted probability of whether a project was built under a PLA or not was computed for each of the individual construction projects. This predicted probability served as the propensity score.

Unlike Belman et al., we were able to identify a region of common support, matching 65 PLA projects with 65 non-PLA projects that, but for the absence of a PLA, are similar with respect to other project characteristics, such as the use of demolition and total square footage. Propensity weights can be utilized as a covariate at the first stage of a hierarchical approach to multiple regression. In our second phase, we analyzed the matched set of 130 projects (incorporating a propensity weight covariate) using the ordinary least squares method. We found that PLAs were not statistically significant. Similar results were found when the propensity score was omitted from the model.

However, when PLAs were analyzed in isolation from the other covariates, using a one-way ANOVA test, we found them to be statistically significant. These results tell us that while there is evidence that PLAs are associated with higher project costs, collinearity is still present in the data set, hampering the ability to disentangle the unique contribution of the individual covariates on a wider scale. Interestingly, within our sub-sample of matched schools, we found the average CCI adjusted cost per square foot of non-PLA projects to be $244.69, which is significantly lower than the cost of PLA projects ($302.98/per square foot).

CONCLUSION

Our study, the largest and most comprehensive to date, provides new insight into the fiscal impact of PLAs. Our models suggest a significant positive relationship between PLAs and costs, and they hold true under a number of statistical tests and specifications.

Perhaps most definitively, our examination of the data found no support for the proposition that PLAs reduce costs. Even if one places great weight on the reduction of model fit when excluding LAUSD projects, ours is now the third statistical research project released since 2000 that failed to find evidence that these agreements help lower school construction costs.

Our findings are important for California. Over the last decade, state voters have passed more than $64 billion of school construction bonds (statewide and local) to build new classrooms and modernize existing facilities that have deteriorated over time.[39] In 2007–2008, California public elementary and secondary school districts spent more than $8.2 billion on construction.[40] With this expenditure of funds, the number of statewide school construction projects has swelled. One estimate has identified 21,399 new classrooms built in California from 2002 to 2010.[41] California's rapid pace of school construction activity is now matched by only a handful of other states.[42]

At the same time, several school districts have adopted PLAs and debates about their use rage on. It is our hope that our findings inform public debate when PLAs are advanced as a costless policy tool. Our research suggests that they are not, and should districts choose to adopt them, school construction is very likely to cost more.

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ABOUT THE AUTHORS

VINCE VASQUEZ, SENIOR POLICY ANALYST, NATIONAL UNIVERSITY SYSTEM INSTITUTE FOR POLICY RESEARCH

Vince Vasquez is the senior policy analyst with the National University System Institute for Policy Research. He works on a wide variety of local and regional policy issues, including education, small business, government finance, and the Latino workforce.

Mr. Vasquez's opinion pieces have appeared in many publications, including the *Wall Street Journal*, *San Diego Union-Tribune*, *San Francisco Examiner*, *Silicon Valley-San Jose Business Journal*, and the *Los Angeles Business Journal*. He has also appeared on CNN and has been quoted in the *Los Angeles Times*, *Chicago Tribune*, *Christian Science Monitor*, *San Francisco Chronicle*, and *Investor's Business Daily*.

Prior to joining the National University System Institute for Policy Research, Mr. Vasquez worked at the Pacific Research Institute for Public Policy (PRI), an economic think tank based in San Francisco. He also worked at the Leadership Institute, a nonprofit educational foundation in Arlington, Virginia. Mr. Vasquez received a B.A. in Political Science at the University of California, San Diego (UCSD), and has earned a Master of Public Administration (MPA) at Keller Graduate School of Management.

DALE GLASER, PH.D., GLASER CONSULTING

Dr. Dale Glaser, principal of Glaser Consulting and adjunct professor of statistics for the School of Nursing at the University of San Diego, has accrued extensive experience in statistical analyses, psychometric testing, program evaluation, and organizational assessment and development within the healthcare, nursing, organizational, educational, and marketing research domains. He has published extensively in the area of nursing research and has furnished statistical and methodological consulting to many nursing faculty, practitioners, and students in regard to their research projects.

As a statistical consultant, he has been responsible for engaging in comprehensive assessment efforts from the formative stages of survey construction and experimental design, power analyses, psychometric assessment, and statistical analysis to presentation/implementation and the publishing of results. He also has extensive experience with advanced quantitative methods, including Structural Equation Modeling, multilevel modeling, and other multivariate and biostatistical techniques.

Dr. Glaser obtained his Ph.D. in Industrial-Organizational Psychology from the California School of Professional Psychology and his M.S. in Counseling Psychology from California State University–Fullerton. He also teaches at the graduate and undergraduate levels in courses such as: multivariate and univariate statistics, research methods, testing and measurement, psychometrics, and related industrial-organizational psychology courses, such as Decision Theory.

W. ERIK BRUVOLD, PRESIDENT AND CEO, NATIONAL UNIVERSITY SYSTEM INSTITUTE FOR POLICY RESEARCH

W. Erik Bruvold is the founding president of the National University System Institute for Policy Research. He has conducted several widely cited public policy and economic research reports on the San Diego region. Prior to joining NUSIPR, he was vice president of public policy for the San Diego Regional Economic Development Corporation (EDC), where he oversaw the organization's public policy efforts on a range of issues impacting San Diego's business climate.

Among Mr. Bruvold's achievements at the EDC were his leadership of the successful effort to extend the TransNet sales tax for transportation investment and his leadership of the successful regional response to the 2005 round of military base closures and realignments (BRAC 2005). Prior to joining EDC, Mr. Bruvold was executive director for the San Diego chapter of the American Electronics Association. He has served on several boards, including the North County Economic Development Corporation, the East County Economic Development Corporation, and the San Diego Association of Government's Transnet Citizens Advisory Committee.

Mr. Bruvold holds a Bachelor of Arts with Highest Honors from the University of Denver and a Master of Arts in Political Science with High Honors from the University of California, San Diego.

APPENDIX A:
FINAL LETTER OF REVIEW BY THE KESTON INSTITUTE FOR PUBLIC FINANCE AND INFRASTRUCTURE POLICY, UNIVERSITY OF SOUTHERN CALIFORNIA

USC
UNIVERSITY OF SOUTHERN CALIFORNIA

July 13, 2011

Keston Institute for Public Finance and Infrastructure Policy

Richard G. Little
Director

Direct: 213 740 4120
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Mr. Kevin D. Korenthal
Executive Director
Associated Builders and Contractors of California Cooperation Committee
28005 Smyth Drive
Suite 129
Valencia, CA 91355

Dear Mr. Korenthal:

You have requested the Keston Institute for Public Finance and Infrastructure Policy to provide an independent review of the report "Measuring the Cost of Project Labor Agreements on School Construction in California" prepared by the Institute for Policy Research of the National University System. The review was to focus on the statistical analysis and associated conclusions described in "Measuring the Cost of Project Labor Agreements on School Construction in California" and consisted of an assessment of the analytical methodology employed and assumptions made in regard to the data set used in the analysis and which was provided to me on May 2, 2011 (This data set was not independently verified.). This review was conducted by myself and Professor Lisa Schweitzer, Ph.D., of the USC School of Policy, Planning and Development and undertaken in two parts; a review of the draft report and a review of the revised version that was prepared following a conference call on June 9, 2011 to discuss our initial findings.

Our review determined that the analysis of the school construction data conducted by the Institute for Policy Research employed proven and well-accepted statistical techniques and the conclusions drawn regarding project cost differentials between school projects that utilized Project Labor Agreements (PLAs) and those that did not follow logically from this analysis. In particular, we were impressed by the efforts of the research team to probe deeply into potentially confounding relationships among the variables such as the large number of outliers and the fact that the data points are not normally distributed (heteroscedasticity) through the use of robust regression and robust estimators and other techniques. The fact that the coefficients based on the Ordinary Least Squares Analysis (Chart 5) and the Robust Regression Analysis (Chart 6) do not change significantly supports the overall significance of the PLA variable on construction cost per square foot.

The LAUSD projects represent an unavoidable dilemma of covariance which hindered the ability of the research team to delineate to what extent it was the presence of PLAs or the LAUSD that explain the variability in cost. Despitelaudable efforts by the research team to address this issue, they were not able to disentangle the two factors. Perhaps the only way to do so is empirically, with LAUSD undertaking a group of projects which do not utilize PLAs to serve as a control group.

Overall, we believe that the conclusion drawn in the report regarding the influence of PLAs on project cost are supported by the data set provided to us and the subsequent statistical analysis of that data. The research team appropriately utilized well-accepted statistical methods to arrive at this conclusion and it constitutes an important research finding. However, I would like to reiterate at this time that the results of our review should in no way be construed as the Keston Institute for Public Finance and Infrastructure Policy supporting any position relating to the use of Project Labor Agreements by any public or private entity.

Please let me know if you have any questions regarding this Letter Report or if I can provide additional information pertaining to the Keston Institute's review of "Measuring the Cost of Project Labor Agreements on School Construction in California". We appreciate this opportunity to be of service.

Cordially,

Richard G. Little, AICP
Director, The Keston Institute for Public Finance and Infrastructure Policy

APPENDIX B:
COPY OF PUBLIC RECORDS REQUEST LETTER MAILED TO SCHOOL DISTRICTS

PUBLIC RECORD REQUEST

May 19, 2010
Public Information Officer
(School District)
(Street Address)
(City, State, Zip Code)

RE: PUBLIC RECORDS ACT REQUEST – SCHOOL CONSTRUCTION DATA

Dear Public Information Officer,

The National University System Institute for Policy Research, an affiliate of the nation's largest, nonprofit higher education system, is conducting a major econometric project on public school construction costs in California and is collecting data statewide from school districts. Pursuant to my rights under the California Public Records Act (Government Code Section 6250 et seq.), I respectfully request information about the following school(s) in your district:

(School Construction Project Name), located at (Street Address), (City);

Specifically, I am seeking the following details related to the construction of the school(s):

- The total square footage of the construction project(s);
- The final cost(s) of the construction project(s);
- The approximate date on which construction started and the approximated date on which construction was completed;
- Whether the project(s) was constructed under a Project Labor Agreement (PLA);
- The type of school (Elementary or Secondary);
- Whether the project(s) is/are new construction or a rehabilitation of an existing building;
- Number of stories in the project(s);
- Inclusion of HVAC system(s) in the project(s);
- Inclusion of a gymnasium in the project(s);
- Inclusion of a swimming pool in the project(s);
- Whether construction required demolition of an existing structure(s).

I ask for a determination on this request within 10 working days of your receipt of it, and an even prompter reply if you can make that determination without having to review the information in question.

If you determine that any or all or the information qualifies for an exemption from disclosure, I ask you to note whether, as is normally the case under the California Public Records Act, the exemption is discretionary, and if so whether it is necessary in this case to exercise your discretion to withhold the information.

If you determine that some but not all of the information is exempt from disclosure and that you intend to withhold it, I ask that you redact it for the time being and make the rest available as requested.

If you determine that any or all of the information is exempt and will not be disclosed, please provide a signed notification citing the legal authorities on which you rely.

If I can provide any clarification that will help expedite your attention to my request, please contact me at (phone number), or (email address). I ask that you notify me of any duplication costs exceeding $10 before you duplicate the records so that I may decide which records I want copied.

Thank you for your time and attention to this matter.

Sincerely,

s/_____

Vince Vasquez
Senior Policy Analyst
National University System Institute for Policy Research

APPENDIX C:
SCHOOL DISTRICTS THAT PROVIDED COMPLETE SCHOOL CONSTRUCTION DATA

Alpine Union School District
Alta Loma School District
Alvord Unified School District
Anaheim City School District
Anaheim Union High School District
Antelope Valley Joint Union High School District
Antioch Unified School District
Arvin Union Elementary School District
Barstow Unified School District
Beardsley School District
Beaumont Unified School District
Bellevue Union Elementary School District
Beverly Hills Unified School District
Buckeye Union Elementary School District
Burbank Unified School District
Burton School District
Cabrillo Unified School District
Cajon Valley Union School District
Calexico Unified School District
Capistrano Unified School District
Center Unified School District
Chaffey Joint Union High School District
Chowchilla Elementary School District
Chula Vista Elementary School District
Coachella Valley Unified School District
Coalinga/Huron Joint Unified School District
Columbia Elementary School District
Conejo Valley Unified School District
Corona Norco Unified School District
Cottonwood Union Elementary School District
Cutler-Orosi Unified School District
Davis Joint Unified School District
Delano Joint Union High School District
Delano Union School District
Delhi Unified School District
Denair Unified School District
Desert Sands Unified School District
Downey Unified School District
Dry Creek Joint Elementary School District
Dublin Unified School District
East Side Union High School District
El Dorado Union High School District
Elk Grove Unified School District
Escondido Union High School District
Escondido Union School District
Etiwanda School District
Evergreen Elementary School District
Fairfield-Suisun Unified School District
Fallbrook Union Elementary School District
Fallbrook Union High School District
Farmersville Unified School District
Folsom Cordova Unified School District
Fowler Unified School District
Fresno Unified School District
Gilroy Unified School District
Golden Valley Unified School Dist
Greenfield Union School District
Hanford Elementary School District
Hanford Joint Union High School District
Hemet Unified School District
Hesperia Unified School District
Hillsborough City Unified School District
Huntington Beach City School District
Imperial County Office of Education
Imperial Unified School District
Irvine Unified School District
Jefferson School District
Kern County Superintendent of Schools
Kern High School District
King City Joint Union High School District
Kings Canyon Unified School District
Kingsburg Joint Union Elementary School District
Lake Elsinore Unified School District
Lammersville School District
Lancaster Elementary School District
Las Virgines Unified School District
Lawndale School District
Lemoore Union Elementary School District
Lennox School District
Liberty Union High School District
Long Beach Unified School District
Los Alamitos Unified School District
Los Angeles Unified School District
Los Banos Unified School District
Lucia Mar Unified School District
Madera Unified School District
Mammoth Unified School District
Manteca Unified School District
Marysville Joint Unified School District
Menifee Union School District

Merced City School District
Merced Union High School District
Milpitas Unified School District
Modesto City School District
Mojave Unified School District
Moreno Valley Unified School District
Morgan Hill Unified School District
Mountain View/Los Altos Union High School District
Murrieta Valley Unified School District
Natomas Unified School District
New Haven Unified School District
Newhall School District
Newport Mesa Unified School District
Norris School District
Norwalk La Mirada Unified School District
Oakdale Joint Unified School District
Oakland Unified School District
Oceanside Unified School District
Ontario Montclair School District
Oxnard School District
Pajaro Valley Unified School District
Palm Springs Unified School District
Palo Alto Unified School District
Palos Verdes Peninsula Unified School District
Panama Buena Vista Union School District
Paramount Unified School District
Paso Robles Joint Unified School District
Petaluma Joint Union High School District
Pioneer Union School District
Pittsburg Unified School District
Placentia-Yorba Linda Unified School District
Pleasant Valley School District
Plumas Elementary School District
Poway Unified School District
Redlands Unified School District
Reed Union School District
Rescue Union School District
Richland Unified School District
Rio School District
Ripon Unified School District
Riverbank Unified School District
Rocklin Unified School District
Rosedale Union Elementary School District
Roseville City Elementary School District
Roseville Joint Union High School District
Sacramento City Unified School District
Saddleback Valley Unified School District
Saint Helena Unified School District
Salida Elementary School District
Salinas Union High School District
San Bernardino County Superintendent of Schools
San Diego Unified School District
San Dieguito Union High School District
San Francisco Unified School District
San Jacinto Unified School District
San Leandro Unified School District
San Mateo Union High School District
San Ysidro School District
Sanger Unified School District
Santa Ana Unified School District
Santa Clara Unified School District
Santa Maria Joint Union High School District
Santee School District
Silver Valley Unified School District
Simi Valley Unified School District
Snowline Joint Unified School District
Solana Beach School District
Stockton Unified School District
Sulphur Springs Unified School District
Sweetwater Union High School District
Tehachapi Unified School District
Temecula Valley Unified School District
Tracy Unified School District
Tulare City Elementary School District
Tulare Joint Union High School District
Turlock Joint Union High/Elementary School District
Twin Rivers Unified School District
Ukiah Unified School District
Vallejo City Unified School District
Valley Center-Pauma Unified School District
Vista Unified School District
Wasco Union Elementary School District
Waterford School District
Weaver Union School District
West Contra Costa Unified School District
Western Placer Unified School District
Westside Union School District
Wiseburn School District
Yuba City Unified School District
Yucaipa-Calimesa Joint Unified School District

APPENDIX D:
SUPPLEMENTAL RESEARCH ON CALIFORNIA PROJECT LABOR AGREEMENTS

During the course of this project, NUSIPR was able to identify common provisions across California school construction PLAs.[43] A comparative analysis reveals many similarities. Most of the PLAs that were reviewed require construction firms to become signatories to master collective bargaining agreements (CBAs) with all applicable craft unions. Generally speaking, CBAs are detailed documents that identify the terms of employment and working conditions of unionized workers in a particular trade or industry. The majority of PLAs also require all subcontractors to sign both PLAs and CBAs prior to the start of construction.

Seven PLAs absolutely prohibit labor unions from strikes, work stoppages, picketing, and slowdowns of any kind at the worksite. However, five allow unions to withhold workers from contractors that are delinquent on payments to union trust funds. Similarly, seven PLAs prohibit contractors from conducting employee lockouts of any kind, but five make exceptions for laying off, suspending, and terminating employees in cases wholly unrelated to labor disputes.

Almost all (92 percent) PLAs required contractors to source workers from union halls, but with exceptions. The overwhelming majority allow firms to obtain workers from any source if union hiring halls are unable to provide workers within a forty-eight hour period. 100 percent of PLAs require construction workers to pay union dues.

All PLAs include language that suggests that contractors retain the exclusive authority, or responsibility for project operations; however, most contain strong restrictions on management rights. Less than half explicitly state that contractors can hire supervisors, apprentices, foremen, and subcontractors at their own discretion.

All of the PLAs restrict a contractor's ability to hire their own "core employees." Usually this is done by restricting who a contractor can classify as a core employee and when they can be employed (if at all) in a way that bypasses the union hall hiring queue.[44] Eight out of 12 PLAs do not allow contractors to discharge at-will employees — most require contractors to have just cause for doing so, or grant workers additional rights under a craft agreement. Seven out of 12 also do not allow contractors to discipline employees at will. All but one reviewed PLA required contractors to make supplemental contributions into separate union-controlled benefit trusts.

CHART 8: Major Provisions of California School PLAs

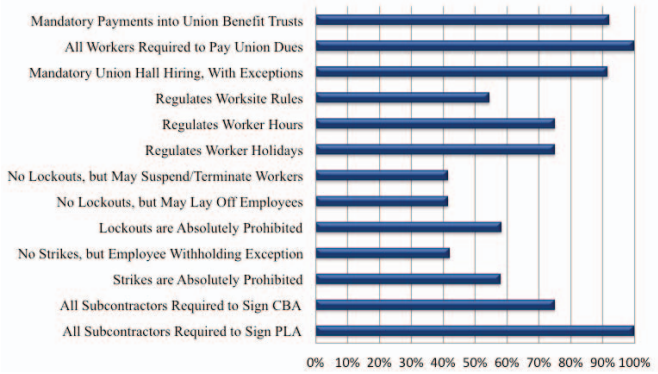
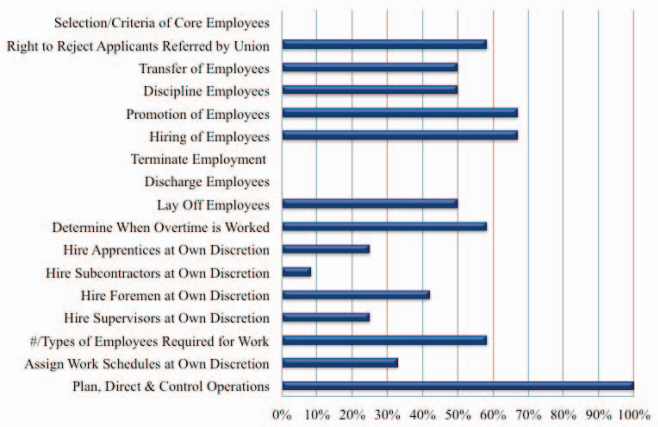


CHART 9: Management Rights Under California School PLAs



APPENDIX E:
NOTES BY THE AUTHORS

There are important aspects of NUSIPR's research efforts that deserve greater elaboration, which we do here.

WAGE RATES AS A NEUTRAL FACTOR

Unlike many states, the State of California requires contractors to pay state-mandated construction wage rates (known as "prevailing wages") to their construction trade workers on school construction projects.[45] Prevailing wage rates in California are almost always based on the wage rates and benefit payments indicated in collective bargaining agreements for construction trade unions. As a result, all contractors on the school construction projects researched in this study were paying a common wage rate for each specific trade in a defined geographic region, regardless of whether the contractors were signatory to a PLA or signatory to a union collective bargaining agreement for their employees. In addition, school districts using state funding for construction from the statewide bond measure Proposition 47 (approved by voters in 2002) were required to adopt a labor compliance program to ensure that contractors were paying proper wage rates and abiding by the state's other labor laws. We can assume that these conditions effectively neutralize wage rates as a variable and conclude that the difference in project cost between projects with a PLA and projects without a PLA was not due to differences in wage rates for construction trade workers.

GEOGRAPHIC DISTRIBUTION OF THE PROJECTS

To eliminate selection bias, our data sample sourced school construction projects at random. Nonetheless, 60 percent of the projects were built in districts located in the five highly populous counties located at the southern end of the state. These five counties comprise 54 percent of the population. Another 33 percent of the projects were built in districts located in the Central Valley, which was among the fastest growing parts of the state between 2000 and 2010.[46]

ENDNOTES:

1 The Building & Construction Trades Department's website says, "Critics of PLAs frequently claim that PLAs limit the pool of bidders . . . particularly non-union contractors . . . and as a result construction costs for a given project are higher. This is a fallacy that has been refuted through the work of many academic researchers . . . A similar public relations attack on project labor agreements that is frequently used by the open shop leads people to believe that the use of a higher-skill, and better paid, workforce will result in increased costs." See http://www.plaswork.org/CWA/media/Documents/PLA-PowerPoint.ppt. The Associated Builders and Contractors' website says, "PLAs drive up the cost of construction projects. By unnecessarily limiting bidders and following outdated and inefficient union work rules, PLAs consistently and unnecessarily drive up costs on projects. Numerous academic studies indicate PLAs increase the cost of construction between 10 percent and 20 percent when compared to similar projects not subject to union-only PLAs." See http://www.thetruthaboutplas.com/get-the-truth.

2 Benefits include increasing the number of apprentices entering into construction trades and increasing the level of health and retirement benefits available to construction workers. For a vigorous articulation of these supposed benefits, see Fred Kotler, "Project Labor Agreements in New York State: In the Public Interest," New York: Cornell University, 2009, http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1021&context=reports.

3 Alternate names for PLAs include Project Stabilization Agreements and Community Workforce Agreements.

4 Some PLAs have special exemptions for a small number of long-term "core" contractor employees.

5 Detailed arguments of PLA proponents can be found at the PLAs WORK website, a project of the Building & Construction Trades Department. See http://www.plaswork.org/Impact/Contractors-Owners-Developers-and-Construction-Use/Contractors,-Owners,-Developers---Construction-Use.aspx.

6 Gary Scott, "Power Plant Costs to Soar," *Pasadena Star-News*, March 21, 2003.

7 Phillip Matier and Andrew Ross, "School's Costs Skyrocket after Labor Pact," *San Francisco Chronicle*, April 28, 2004.

8 Daniel Rounds, "Project Labor Agreements: An Exploratory Study," Los Angeles: UCLA, 2001.

9 New Jersey Department of Labor, "Annual Report to the Governor and Legislature: Use of Project Labor Agreements in Public Works Building Projects in Fiscal Year 2008," Trenton: State of New Jersey, 2010, pp. 3–4, http://lwd.dol.state.nj.us/labor/forms_pdfs/legal/2010/PLAReportOct2010.pdf.

10 Paul Bachman et al., "Project Labor Agreements and the Cost of School Construction in Massachusetts," Boston: Beacon Hill Institute, 2003, http://www.beaconhill.org/BHIStudies/PLApolicystudy12903.pdf.

11 Paul Bachman, Jonathan Haughton, and David G. Tuerck, "Project Labor Agreements and the Cost of Public School Construction Projects in Connecticut," Boston: Beacon Hill Institute, 2004, http://www.beaconhill.org/bhistudies/pla2004/plainct23nov2004.pdf.

12 Paul Bachman and David G. Tuerck, "Project Labor Agreements and Public Construction Costs in New York State," Boston: Beacon Hill Institute, 2006, http://www.beaconhill.org/BHIStudies/PLA2006/NYPLAReport0605.pdf.

13 Dale Belman et al., "The Effect of Project Labor Agreements on the Cost of School Construction," East Lansing: Michigan State University, 2005, http://isapapers.pitt.edu/57/1/2005-01_Belman.pdf.

14 Variables in the Belman study included minutia such as the presence/absence of tennis courts, band rooms, kitchens, and science labs.

15 Belman et al., "Effect of Project Labor Agreements," p. 3.

16 Ibid., p. 20.

17 Paul Bachman and Jonathan Haughton. "Do Project Labor Agreements Raise Construction Costs?" *Case Studies in Business, Industry and Government Statistics* 1, no. 1 (2006): 78.

18 Dale Belman et al., "Project Labor Agreements' Effect on School Construction Costs in Massachusetts," *Industrial Relations* 49, no. 1 (2010): 44–60.

19 Statistical tests used include three F-test models that examined the relationship between the construction cost per square foot and the effect of PLAs, the city of Boston, and the Boston Public School District. A two-stage propensity score technique was also used to analyze projects that, but for the presence/non-presence of a PLA, are fairly similar. Under this technique, projects were rated based on the probability that their characteristics could predict that they would be built under a PLA, and the resulting "region of common support" was to be examined with a regression test. However, Belman et al. did not complete its propensity score technique, as it failed to find many similar projects.

20 Belman et al., "Effect on School Construction Costs in Massachusetts," p. 57.

21 The Roseville PLA was for three unions in four subtrades and was directly signed with a private developer.

22 As noted below, a remaining limitation which we cannot overcome involves the large number of PLAs in Los Angeles Unified, a district that has had a PLA in place for much longer than other districts and, as one of the nation's largest school districts, has built a large number of schools.

23 The DSA website states, "The Division of the State Architect provides design and construction oversight for K–12 schools, community colleges, and various other state-owned and leased facilities. The Division also develops accessibility, structural safety, fire and life safety, and historical building codes and standards utilized in various public and private buildings throughout the state of California." www.dsa.dgs.ca.gov

24 For example, in Belman (2003), the authors found that the presence of a centralized air conditioner had a statistically significant impact on construction costs. We collected information on this variable, but found that all but one school project in our sample had air conditioning.

25 Bachman et al. noted that their sample size limit excluded abnormally small and larger projects as well as those projects whose valuation is "typically too small to be of interest to union contractors." NUSIPR adopted the same square footage range for project size within its sample in order to achieve similar objectives.

26 NUSIPR's final sample varied slightly from the initial bid estimates given by McGraw Hill. Of the 551 construction projects, 12 were modernization projects, five were built either before 1996 or after 2008, 52 were smaller than 40,000 square feet, and two cost less than $5 million.

27 California Government Code § 6250–6276.48.

28 The language used in the public records requests can be found in appendix B.

29 The California Division of the State Architect's online Project Tracking System is available at https://www.apps.dgs.ca.gov/tracker/default.aspx.

30 The California Construction Cost Index (CCCI) is developed from data featured in the Building Cost Index (BCI) published by Engineering News-Record (ENR). BCI estimates include costs for skilled industry labor, average fringe rates, and the cost of common construction materials.

31 Bachman created a construction cost index using state industry wage and salary data from the U.S. Bureau of Economic Analysis and the national producer price index for intermediate materials, supplies, and components. Belman deflated costs using ENR's construction cost index for Boston.

32 The complete list of complying school districts can be found in Appendix C.

33 The Belman study used a sample size of 92 school projects, and Beacon Hill's sample size was 126 projects.

34 The ordinary least squares method is a statistical technique used to analyze the relationship between a continuous dependent variable and categorical (or continuous) independent variables. It minimizes the "error," or the difference between the predicted outcome and the actual outcome, and optimizes the solution.

35 Both the Bachman et al. and Belman et al. regression tests included square feet squared as a co-variate. However, NUSIPR found that this co-variate did not substantively modify the model fit and declined to include it.

36 The sample used in the Bachman et al. study had an adjusted r-squared of 31 percent. The six models used in the Belman study to study Massachusetts school construction costs had an r-squared range of 19.79 percent to 65.12 percent.

37 For more on Belmont Learning Center see Alan Richard, "L.A. Chief Recommends Abandoning Belmont," *Education Week*, January 26, 2000, and Greg Gittrich, "Most of the Bond Money Blown on Belmont," *Los Angeles Daily News*, July 30, 1999.

38 NUSIPR took additional efforts to resolve the collinearity found in our data set. Following the methodology explained in the Belman 2010 study, we created a two-step scoring technique. We first used a logistic model, rating projects based on the probability that their characteristics could predict that they would be built under a PLA. Unlike Belman et al., we were able to identify a region of common support, matching 65 PLA projects with 65 non-PLA projects that, but for the absence of a Project Labor Agreement, are similar with respect to other project characteristics, such as the use of demolition and total square footage. Two subsequent regression tests (one which had the predicted score as an independent variable and one that excluded it) for the n=130 data set used the ordinary least squares method. These tests failed to find PLAs to be statistically significant. However, a one-way ANOVA test on the sub-sample did find PLAs to be statistically significant. This tells us that though there is evidence that PLAs are associated with higher project costs, collinearity is still present in the data set, hindering further analysis. Interestingly, within our sub-sample, we found the average CCI adjusted cost per square foot of non-PLA projects to be $244.69, still significantly lower than the cost of PLA projects ($302.98/per square foot).

39 According to the Public Policy Institute of California, "Local facilities bonds totaling $36 billion have passed since 2001, and state facilities bonds totaling $28.7 billion have passed since 2002." See "Just the Facts: Education Facilities," September 2008, http://www.ppic.org/content/pubs/jtf/JTF_EducationFacilitiesJTF.pdf.

40 United States Census Bureau, Public Education Finances 2008, table 9, "Capital Outlay and Other Expenditure of Public School Systems by State: 2007–08," Washington, D.C., 2010, http://www2.census.gov/govs/school/07f33pub.pdf.

41 "California Department of Education Closes Out 2010 Noting Record of Accomplishment by State Superintendent Jack O'Connell," California Department of Education, December 28, 2010, http://www.cde.ca.gov/nr/ne/yr10/yr10rel150.asp.

42 National Clearinghouse for Educational Facilities, "State Capital Spending on PK–12 School Facilities," Washington, D.C., 2010, p. 4, http://www.edfacilities.org/pubs/state_capital_spending_on_school_facilities.pdf.

43 NUSIPR obtained PLAs for the following school districts: San Francisco Unified, San Diego Unified, Los Angeles Unified, Oakland Unified, Sacramento City Unified, Pittsburg Unified, West Contra Costa Unified, Rialto Unified, Santa Ana Unified, San Mateo Union High School District, San Gabriel Unified, and Roseville City School District. In some cases, the PLAs were silent as to provisions we examined, or were not explicit in the language of the contract. In other cases, the provisions were referenced as being present within a CBA, which the PLA requires all signatories to assent to. Our charts reflect these aspects of the PLAs.

44 For example, see the provisions of the Project Labor Agreement for the Oakland Unified School District, 2004, p. 19.

45 According to the United States Department of Labor, eighteen states do not have prevailing wage laws: Alabama, Arizona, Colorado, Florida, Georgia, Idaho, Iowa, Kansas, Louisiana, Mississippi, New Hampshire, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Utah, and Virginia. See "Dollar Threshold Amount for Contract Coverage Under State Prevailing Wage Laws," n. 1, http://www.dol.gov/whd/state/dollar.htm.

46 United States Census Bureau, table 1, "The Most Populous Counties and Incorporated Places in 2010 in California: 2000 and 2010," http://2010.census.gov/news/xls/cb11cn68_ca_2010redistr.xls.

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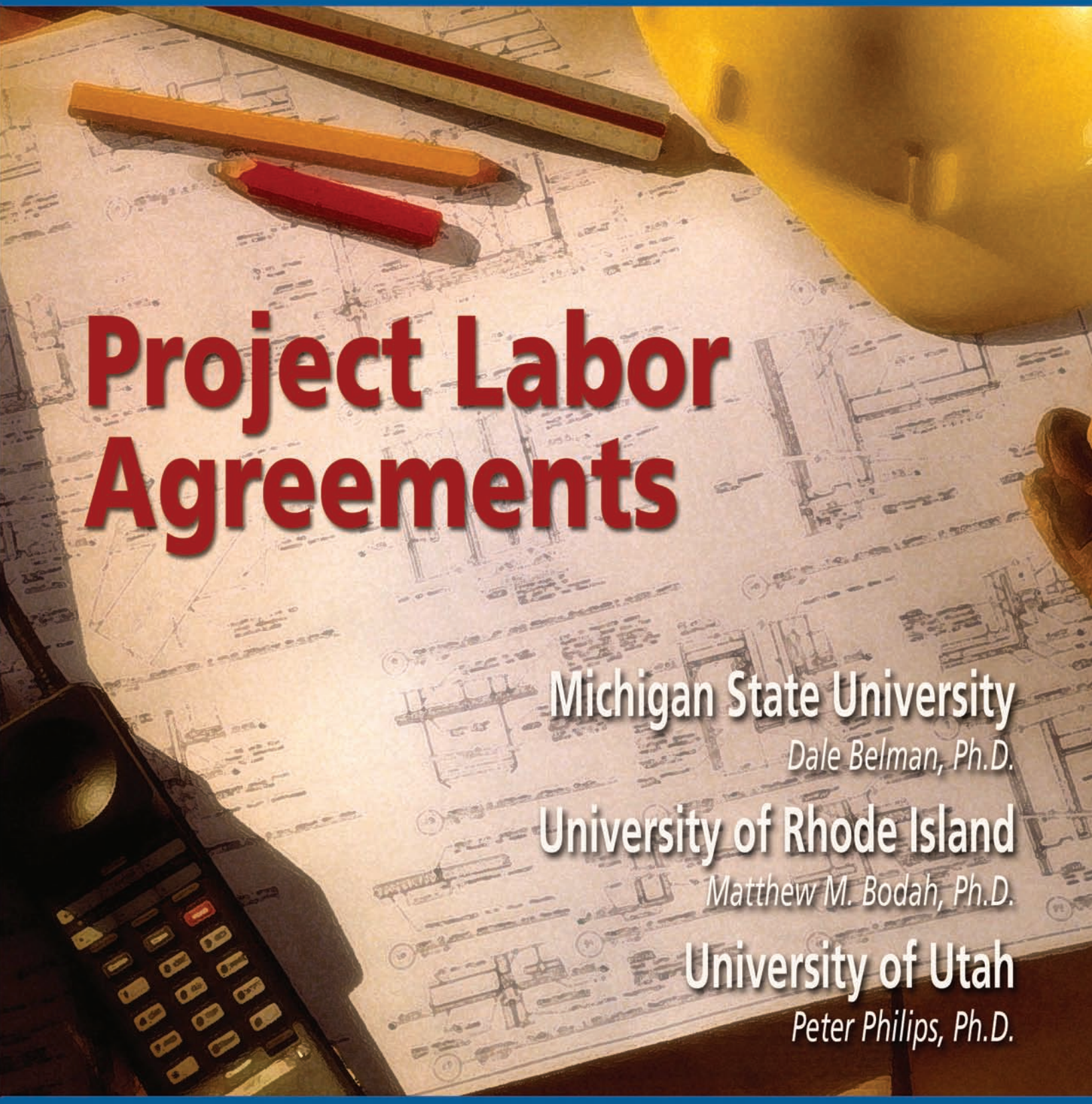

Project Labor Agreements

Michigan State University
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Matthew M. Bodah, Ph.D.

University of Utah
Peter Philips, Ph.D.

ELECTRI International
The Foundation for Electrical Construction, Inc.

Project Labor Agreements

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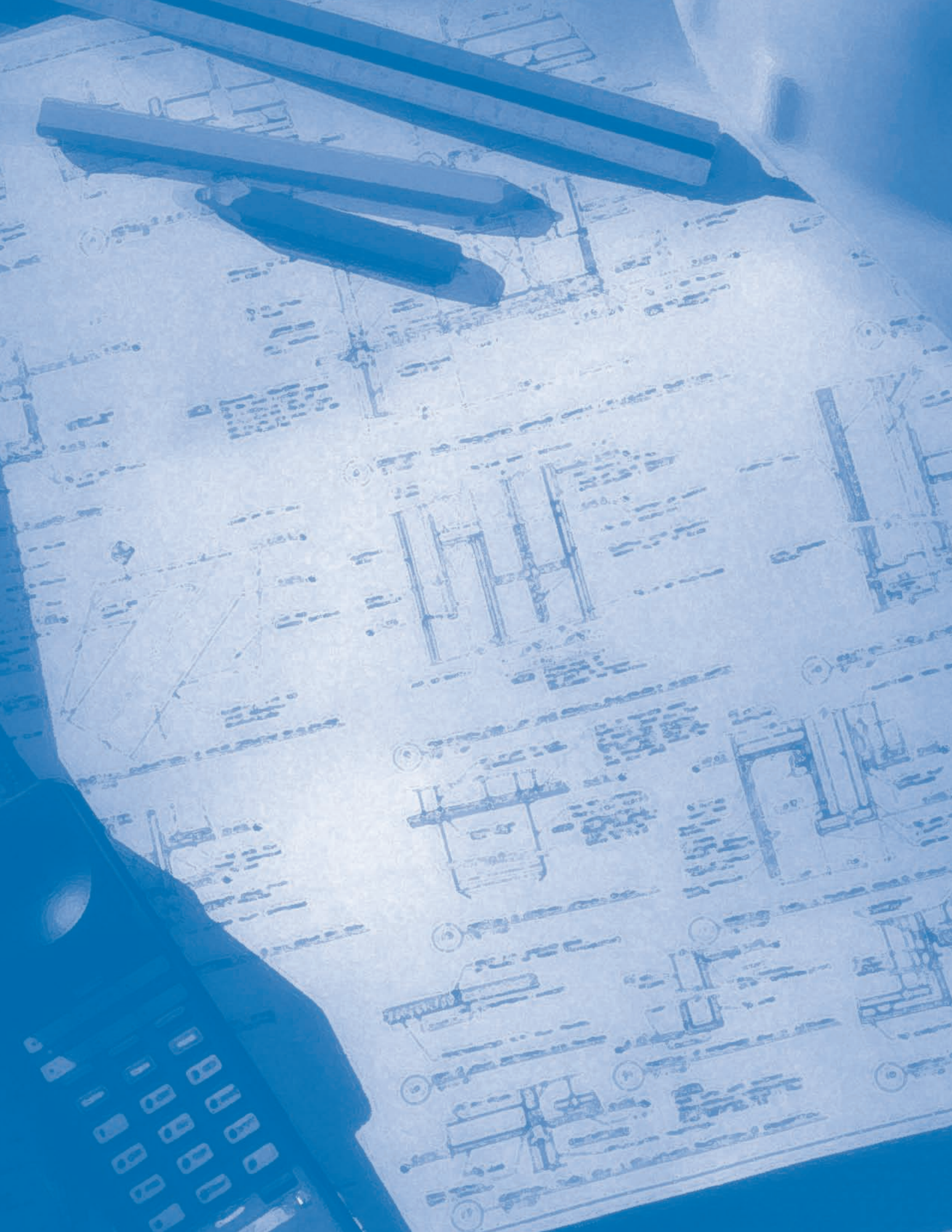

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Table of Contents

Executive Summary

Project labor agreements (PLAs) are prehire collective bargaining agreements that establish the terms and conditions of employment on one or more construction projects. PLAs are typically the product of negotiations between a group of unions, usually represented by a building, construction trades' council and the representative of a construction user, most often a construction management firm. Unlike local construction collective bargaining, contractors and contractor associations have little or no role in such negotiations. PLAs require all contractors working on a project to adhere to collectively bargained terms and conditions of employment, whether they are normally union or nonunion contractors. PLAs have undergone considerable evolution over the years. Once used almost exclusively on very large projects that were either extremely isolated or that overwhelmed the capacity of the local construction labor market, PLAs are now used on a variety of private and public projects.

The use of PLAs in the public sector has raised questions about possible conflicts with state or local bidding regulations. As a result, all branches and levels of government have become involved in the controversy, which, in turn, has drawn both media attention and spurred a fair amount of research. However, as our review shows, most of the research is of low quality and little use in determining whether PLAs actually affect bidding behavior, wages, construction costs, etc.

The current report is possibly the broadest ranging and most detailed study of PLAs conducted to date. While prior studies have focused on a particular PLA project and addressed one or two narrowly defined issues, in this study we examine a large number of projects using a variety of techniques, including archival research, interviews, case studies and the statistical analysis of original data.

We ask a number of questions, including the following: What is a PLA? How do PLAs differ? What does prior research tell us about the effects of PLAs on construction projects? How do individuals with experience with PLAs view these agreements? How do PLAs affect the outcomes of construction projects? In what ways can PLAs be used to address the strategic needs of a project?

There are several central findings of this study. Perhaps most important, we find that there is no substantial evidence that PLAs decrease the number of bidders or change the costs of construction projects. Although our findings run contrary to prior research, we believe that most previous studies failed to account for important influences on construction costs. Therefore, effects were falsely attributed to PLAs that actually belonged to unobserved variables.

We arrived at our conclusions on bidding behavior by studying two adjacent school districts in San Jose, California. Both began extensive school construction in 2002. In 2004, one school district

signed a PLA, while the other did not. While the number of bids per bid opening decreased after the PLA in the former district, they also decreased in the district that did not sign a PLA. The decrease in bids was better predicted by an increasingly busy construction market than the existence of the PLA.

To examine cost effects, we studied 108 school projects in New England. We found that such variables as the building's size, the need for a new boiler, the construction of an auditorium, the construction of library and where the school was located had positive effects on construction costs. There is no evidence that a PLA either raised or lowered the costs of the projects studied.

We argue that if PLAs are cost neutral, then other reasons for using or not using PLAs must be examined. Through interviews and case studies, we found that users favored PLAs to reduce some of the uncertainty inherent in large scale construction projects. Obviously, no one can control the weather, and material shortages are always a concern. But construction users felt a PLA would ensured a steady flow of highly qualified labor. The flow of labor was guaranteed by the nationwide referral systems maintained by unions; the steadiness of the flow was buttressed by no-strike agreements, which are a nearly universal item in PLAs. Construction users told us that PLAs were particularly attractive on large projects that needed to be completed on a tight schedule. PLAs can be used to harmonize hours and holidays across the trades and to modify shifts and work schedules to meet the needs of construction users.

Although we lack good data on safety outcomes, interview evidence suggests that safety inputs are greater on PLA projects. Often PLAs include language establishing labor/management committees that deal specifically with safety and health issues.

PLAs may also be crafted to achieve wider social ends, such as increasing minority employment and participation on projects by minority business enterprises. As in a case study of the East Side Union High School district in San Jose, PLAs may also be used to create highly developed structures for training and recruiting young workers into the building trades, a critical need in light of the reported looming skills shortage in the industry.

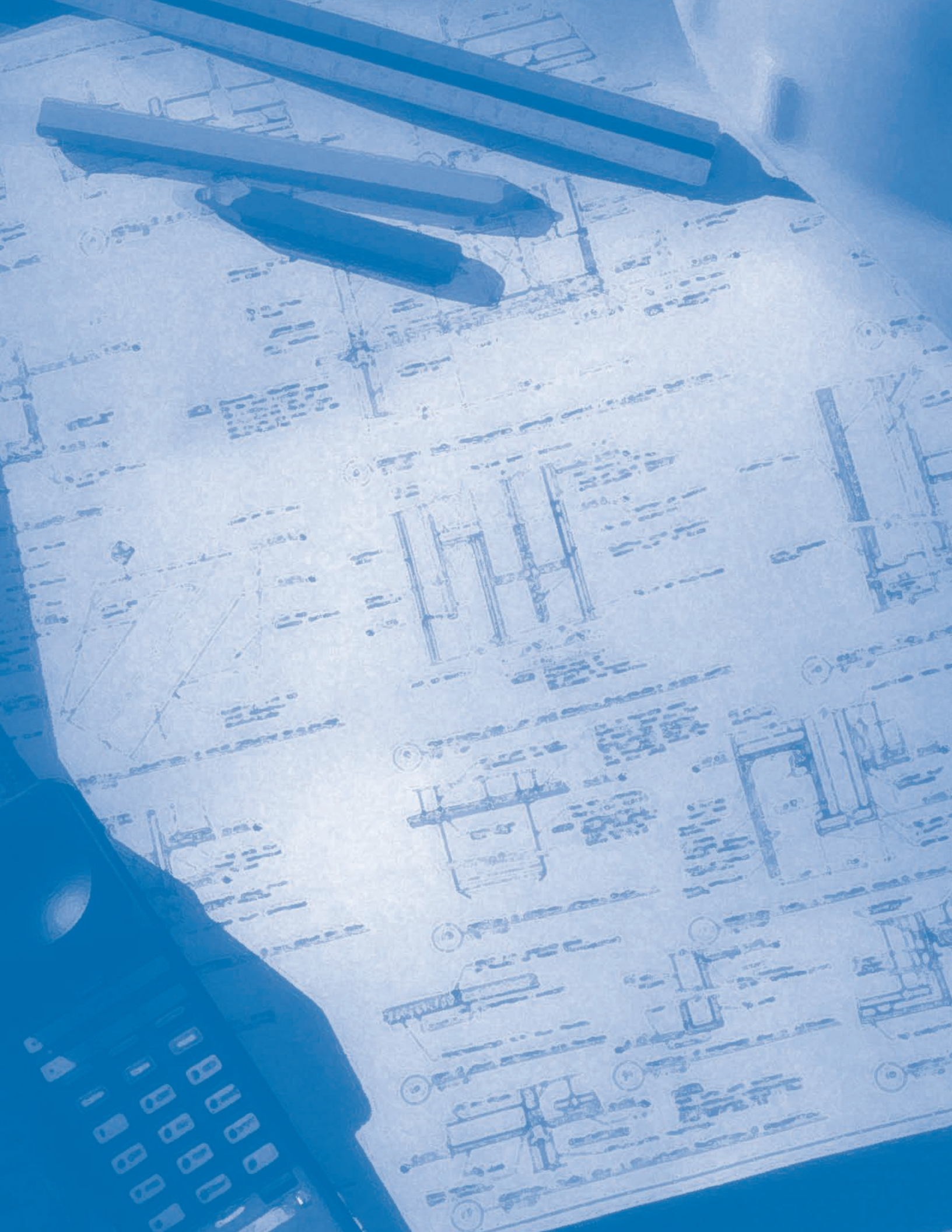
A possible downside of PLAs is their effect on local labor relations. Some interviewees told us that power relations at the bargaining table may be skewed when too much work is covered by PLAs and their accompanying no-strike/no-lockout clauses. With workers protected from job actions, compromises in local bargaining may be harder to affect, leading to unusual settlements and protracted negotiations.

Another problem with PLAs is the general lack of contractor participation in bargaining. This sometimes leads to the needs of an industry not being addressed in an agreement. One complaint of local electrical industry representatives is that most PLAs do not allow them to use their longstanding, bipartite system of dispute resolution.

A possible solution to the problem, and one that is used in many areas, is to develop model PLA language through standing labor/management committees, which can be established as Taft-Hartley trusts and supported through per capita assessments on work. Typically, contractor organizations have high levels of participation on such committees.

Most interviewees agreed that PLAs are not suited to every project in every location. In considering whether to use a PLA, owners usually consider the importance of scheduling, the size of the project, the need for skilled labor, whether there are a sufficient number of union contractors in the major trades needed for the project to support competitive bidding and whether the work is likely to be done by union contractors with or without the PLA. In general, larger and more complex projects, for which scheduling is important, are good candidates for the use of a PLA.

PLAs are valuable tools for the construction industry because they can be used to create the conditions needed for a superior construction project. More than one hundred PLAs were reviewed for this study. The provisions of those agreements varied widely. The most sophisticated agreements had been crafted to address project specific issues such as local hiring, scheduling, work rules, employment of minorities, or the staffing of projects. We also found many bare bones PLAs that were little more than no strike/no lockout agreements. Based on our review of these agreements, and the findings of this research, we believe that there is great potential, much of it unrealized, for using PLAs to improve construction projects and promote union construction. Realizing this potential will require the education of contractors, construction users, and union officials on how PLAs can be crafted to promote the interests of all parties and provide better construction outcomes.



Introduction

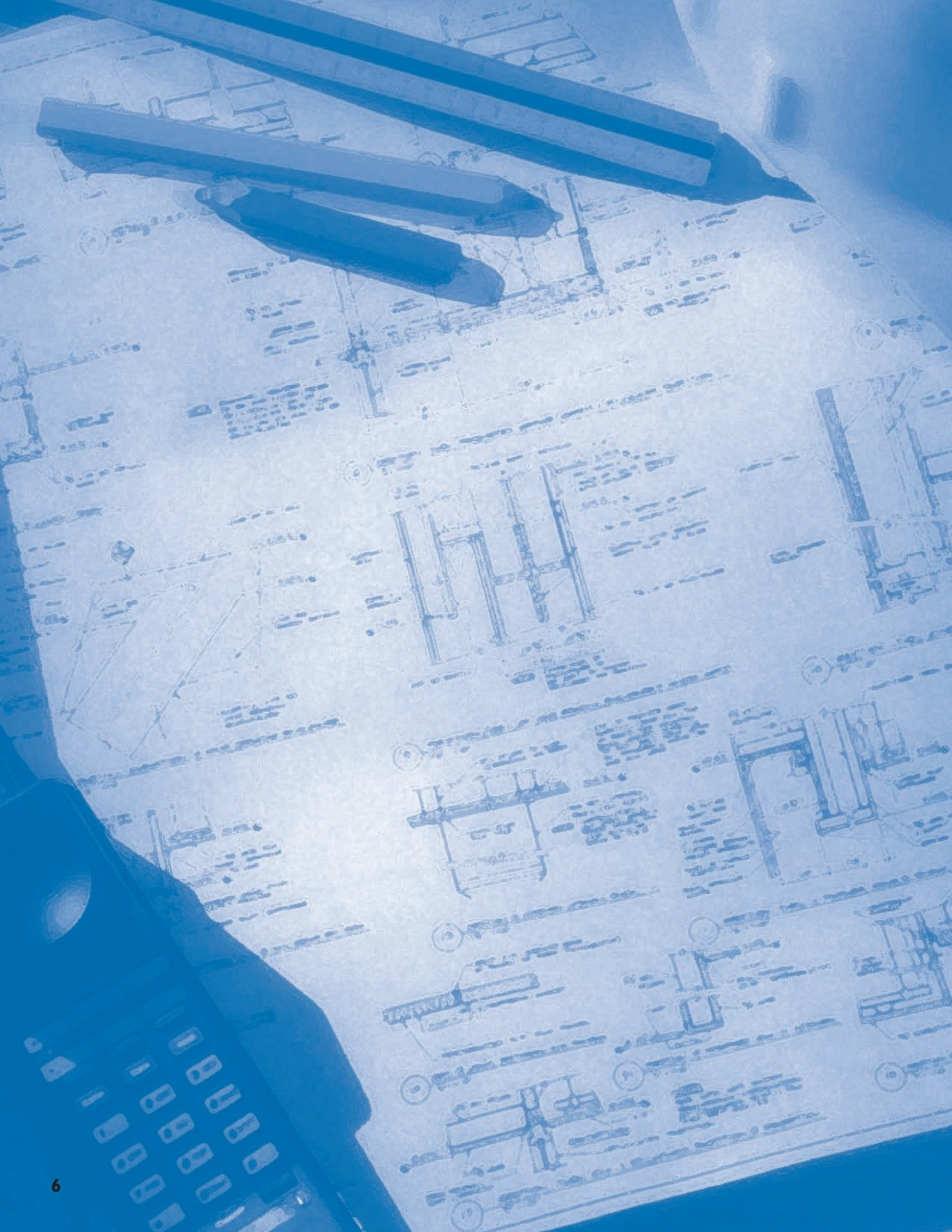
PLAs are nothing new. McCartin[1] noted that something like a modern PLA was used during WWI when the War Department worked out a compromise between the American Federation of Labor (AFL) and defense contractors who were building cantonments. All workers would be paid union scale in exchange for dropping a demand for a closed shop.

The use of PLAs increased during WWII. Dunlop[2] writes of the stabilization agreement between the Office of Production Management and the Building and Construction Trades Department (BCTD) of the AFL. The agreement provided for uniform overtime rates of time-and-one-half, standard shifts at regular rates and declared that there shall be "no stoppage of work on account of jurisdictional disputes or for any other cause."

Until the 1980s, PLAs were used in both the private and public sectors with little notice. So why have PLAs become so controversial? Why have virtually all branches and levels of government been dragged into the fight over PLAs? We explore these questions in this study. Moreover, we examine the contents of PLAs, present comments from interviews with stakeholders concerning PLAs, assess the economics of PLAs and provide details of the strategic use of PLAs from several case studies of actual projects.

Using archival sources, interviews and both qualitative and quantitative methods, we try to determine how Project Labor Agreements affect construction costs, scheduling, safety, training and minority employment.

- **Chapter One** of this report defines PLAs, discusses the reasons for the controversy over PLAs and gives an overview of previous PLA research.
- **Chapter Two** presents and analyzes the contents of PLAs. The results are based on a review of nearly one hundred agreements from all parts of the country.
- **Chapter Three** discusses the comments of several dozen stakeholders concerning PLAs. Interviews were conducted with, among others, construction users (both public and private), contractors, construction managers and union officials. Interviews were held in southern New England, the sorthern Midwest and the West.
- **Chapter Four** examines the economics of PLAs through original research. It presents findings of bidding behavior based on evidence from two adjacent California school districts and research on PLAs and school construction costs in New England.
- **Chapter Five** presents several case studies of PLAs, including a highway project in Utah, an automobile plant in Texas, an airport terminal in Rhode Island and a set of school projects in California. Chapter five tells how PLAs can be used to address specific needs on a project.
- The end of this report contains a list of principal findings.



1. Background

What is a PLA?

Project labor agreements are primarily agreements, so we need to know what is being considered and agreed upon and by whom. PLAs are project-specific, collectively-bargained labor agreements regarding wages, benefits, hours of work and other terms and conditions of employment. On the one side of the agreement is a collection of construction unions perhaps under the leadership of a local construction labor council or some other form of multicraft organization. On the other side of the agreement is usually a project or construction manager representing the interests of the construction user. This contrasts with typical collectively bargained labor agreements in construction where separate craft unions bargain with their corresponding contractor associations about wages and working conditions. Traditional collective bargaining has no specific construction project in mind, and no one at the table controls upcoming work. In PLA bargaining, unions bargain as a group with someone who controls upcoming work.

In typical construction collective bargaining, the electricians might look over their shoulders to see the outcome of the plumbers' negotiations, and the laborers are going to keep in mind what the carpenters are getting. But there is no formal structure or binding agreement in traditional, craft-separated collective bargaining to ensure that the various contracts signed in a local area by the various crafts and contractor groups will have similar holidays, similar hours of work, similar drug testing provisions, etc. or even similar contract expiration dates. A PLA provides the legal structure whereby everyone can (if they so choose) get on the same page regarding all of the issues.

The fact that through the project manager the construction user is on the other side of the table also makes PLAs different. In traditional collective bargaining in construction, contractors are on the other side of the table. Users have something to bargain with that contractors do not have. Users have the work: they have the project under consideration. Individual contractors have to bid to win work. Contractors as a group have a higher prospect of someone in their group winning the project, but if the economy turns sour, chances of getting the job diminish. As long as the project goes forward, the construction user has the work, and on large projects that work could last for years. Through traditional collective bargaining, users bring something of value to the table, something worth bargaining over.

With PLAs, construction users can (and often do) bargain their control of work in exchange for union concessions relative to the existing set of local labor agreements. Rarely do these concessions involve lower wages and benefits. More commonly, in an effort to harmonize the terms and conditions of work across trades, some trades have to make concessions to mirror terms and conditions in another trade's contract. The fact that the user has the work and is willing to provide it in exchange for such concessions may motivate a trade's willingness to compromise on working conditions. Sometimes a user may convince all the trades to make an across-the-board concession in exchange for the job. In one

case, a bridge contractor signed a PLA with the various relevant trades for long term work on a major bridge reconstruction project in exchange for altering all the unions' overtime provisions, so the project could proceed without overtime pay in off hours to avoid backing up traffic. Under traditional collective bargaining with no specific consideration to a specific project, such a concession would not make much sense to any union and to obtain this concession across all unions would be impossible. A PLA made it happen.

In one sense, all PLAs are across-the-board concessionary contracts because, universally, all PLAs have no-strike clauses in effect through the entire duration of the project. For long-lasting projects, these no-strike clauses are meaningful because inevitably in a two or three year period, one or more traditional union contracts will expire, leading to the possibility of a negotiation stalemate and a strike. PLAs take the user's work off the traditional collective bargaining table and insulate it from strikes. This can be very important to the user who has a vital completion date. So the construction user comes to the PLA bargaining table ready to exchange work for harmonized working conditions, occasional project-tailored terms and conditions, and a guaranteed uninterrupted labor supply through the duration of the project. Only PLAs can get all of this done with multiple craft unions, multiple contractor associations and differing contract expiration dates. In short, PLAs bring new players to the table and thus create the possibility of bargaining to new win-win solutions.

What is in a PLA for unions besides various possible concessions? In a word: work. PLA projects tend to be large and long-lasting. In private sector PLAs, the work is what the unions bargain for, and that is what they get because private sector PLAs typically restrict bidding to union contractors. On public sector work, restricting bidders to union contractors usually violates public procurement rules. Nonunion contractors are allowed to bid on public PLA jobs. Nonetheless, when working on a covered project, all contractors (including nonunion contractors) agree to abide by the terms of the PLA as well as any provisions of local agreements that are specifically referred to in the PLA or not limited by the PLA. The means of assuring this compliance by all contractors is a letter of assent the PLA requires.

The following letter of assent comes from a Missouri PLA and is typical:

Pursuant to Article II, Section 1, Paragraph 3, of the above-referenced Agreement, the undersigned contractor hereby agrees that it will be bound by and comply with all terms and conditions of said Project Labor Agreement, and any amendment thereto for this Project only.

This Letter of Assent will remain in effect for the duration of the Agreement, and any extensions, after which this understanding will automatically terminate, except as provided in Article II, Section 6 [concerning repairs and rework] of the Agreement.

As a practical matter this means that all contractors usually agree to use union referral mechanisms (e.g. hiring halls), pay union scale, contribute to jointly administered (i.e. union sector) benefit programs and, in general, operate as union contractors while on a project—whether or not they are usually union contractors. Sometimes PLAs have key worker provisions that allow nonunion contractors to use a limited number of key nonunion workers. Occasionally, nonunion

workers are permitted to apply to the project manager for work rather than go through the union hall. But the basic point is this: through PLAs, unions exchange concessions for work. If the PLA cannot deliver at least most of the work, the construction user has nothing to bargain with.

There are two players not at the PLA bargaining table—the union contractor and the nonunion contractor, both of whom might end up working on a public PLA project. From the perspective of traditional collective bargaining, PLAs are a topsy-turvy world. Usually the union agrees with the contractor, and then the contractor goes out and finds the work. Under a PLA, the unions, as a group, go out and find the work. Wages and benefits are set. Then, on private jobs, union contractors bid for the project and, on public jobs, all contractors willing to abide by the terms of the PLA bid on the project. Union contractors get a level playing field, but that is all.

The other absent player is the nonunion contractor willing to pay the PLA wage rates and abide by the terms and conditions of the PLA. These participating nonunion contractors stand on the sidelines along with the union contractors until the project is let out for bid. Technically, PLAs are prehire agreements because the terms and conditions of work are agreed upon prior to the hiring of workers. But, effectively, PLAs are usually also prebid agreements because the terms and conditions are set prior to any bidding on the project.

And, of course, there is one absent non-player—contractors unwilling to bid on the project because of the terms and conditions of the PLA. These, typically nonunion contractors, may not be able to compete with the higher labor productivity called forth by the PLA wages. They may not wish to expose their key workers to union workers. They may not wish to have their non-key workers go through the hiring hall to get work. They may philosophically object to PLAs. They may have other reasons for not participating. In any case, nonunion contractors' nonparticipation may lower the number of contractors who bid on a PLA project. Alternatively, the presence of a PLA may attract contractors who otherwise might not bid on the project. The effect of PLAs on the number of bidders is an open empirical question that chapter four addresses.

Because PLAs set wages and benefits close to or at the local union rates, PLAs probably encourage contractors to shift towards capital intensive and high skill construction strategies. PLAs may also alter the composition of contractors shifting towards more heavily capitalized firms. Some public entities, restricted in their ability to pre-qualify contractors by public procurement regulations, may be attracted to PLAs, in part, due to the way PLAs probably sort through potential bidders shifting the mix towards more established, capital intensive and skill oriented contractors.

Thus, PLAs are first of all agreements where unions, as a group, bargain for work from construction users in exchange for concessions on strikes and working conditions. Until the PLA is signed, contractors sit on the sideline. Once signed, union contractors know that even their nonunion competitors will have to pay the same wages and benefits. Nonunion contractors may be excluded entirely from private projects but on public works they are still players. Some, however, will withdraw not wanting to agree to the terms of the PLA. Both union and nonunion high-wage/high-skill contractors are likely to be attracted. Whether ultimately PLAs discourage more bidders than they attract is an empirical issue, but some public construction users may be partially attracted to PLAs based on what type of contractor is attracted and what type of contractor is repelled by PLAs.

How are today's PLAs different?

Old-School PLAs

From the first major use of PLAs to around 1980, PLAs were generally restricted to a particular

and relatively unusual type of construction project—the large, long-lasting, typically complex and often rural construction project. Construction users bringing these projects to market faced three problems. First, if the project was rural (such as a hydroelectric dam located where the water was or a coal-fired power plant located where the coal was), the size of the project was likely to overwhelm the capacity of the local construction industry and labor market. By having a PLA, the construction user could create regular and known wages and working conditions needed to attract workers from far away.

Second, if the project was specialized and complex (such as a nuclear facility), the skill requirements of the job might overwhelm the local labor market even in a non-isolated area. A PLA would provide ready access to distant union workers again by establishing appropriate wages and conditions and by invoking the union system of using skilled traveling workers.

Third, if the project was long-lasting (say three or more years), and schedule and completion were important to the user, a no-strike provision in a PLA would insulate the project from labor/management conflict during the bargaining between local craft unions and their corresponding contractor organizations. Whatever work stoppage or lockout might occur through the normal operations of collective bargaining would not affect a PLA project. In short, bargaining impasse would not interrupt the PLA project.

So PLAs for many years were a specialized and relatively rare construction contract designed to obtain a ready and qualified supply of labor to large, complex and long-lasting projects.

Stop-Loss PLAs

In the 1980s, PLAs took on a new role. The downturn in construction in the 1980s was very sharp. Price competition (as opposed to quality or scheduling competition) is most intense when an economy slows and customers are more price-conscious and less concerned about timeliness or even quality. This environment favored nonunion contractors. But in order to keep some of the union sector's biggest and best industrial customers and stop the loss of jobs, PLAs were written that contained wage and benefit concessions. American manufacturers facing severe overseas competition on both price and quality terms needed quality infrastructure built at the lowest price possible. PLAs became a way of delivering quality work at low prices to demanding customers. These PLA-based wage cuts were partially offset by the promise of steady work for an extended period of time during a period when construction work was anything but steady. The PLAs in the 1980s traded lower wages for longer work. Thus, it was possible, in part, because the agreement was with a user who had work to exchange for concessions in wages and conditions.

Market-Share PLAs

In the 1990s, however, the construction economy improved, leading to a decade long boom that has recently slowed but not collapsed. Union workers were working; local union unemployment rates were low, and the attractiveness of trading hourly wages for more assured work faded. But PLAs did not fade. In fact, they proliferated primarily in areas where construction unions were relatively strong but even in areas where union coverage was low. And the new PLAs were often used on more modest projects, such as schools and court houses, and cover renovations as well as new construction.

Two economic conditions (other reasons will be discussed below) converged to lead to the proliferation of PLAs. First, construction labor markets were becoming increasingly tight. Not only was unemployment down, but also apprenticeship training was down. As the nonunion sector proliferated in the 1980s, union apprenticeship programs reduced their enrollments or even in a few

instances shut down. The nonunion sector did not fill the gap, in part, because they were happily harvesting union-trained workers in need of jobs, and because the nonunion sector had not been able to find a viable alternative to collective bargaining to finance apprenticeship training. So construction users were hungry for available and qualified craft construction workers. The Business Roundtable, a group of large construction users, stated in an analysis of skill shortages in construction, "The union sector has always excelled in craft training through the joint labor/management apprenticeship programs…the open shop, as a whole, has not supported formal craft training to the extent necessary." [3]

Second, while the construction economy had recovered and construction union membership was growing, the union share of the construction labor market was either still declining or merely stabilizing, depending on the area. PLAs emerged as a new key instrument for both providing users with an uninterrupted supply of qualified workers and in helping unions to stabilize or expand their share of the construction market.

But why the controversy?

Old-school PLAs were used with little controversy in both the private and public sectors throughout the postwar period—a period during which much of the construction sector was highly unionized. With strong unions, there was a great desire on the part of construction users and contractors to avoid labor disputes and to gain the best economic deal possible relative to local agreements. The climate changed, however, when union market share dropped and construction users and the nonunion sector became better organized.[4] In the new environment, with large nonunion contractors able to compete for all types of work in virtually every state and with the growing strength of a nonunion contractors' association, Associated Builders and Contractors (ABC), challenges to

Two state court cases

To give two examples of state court decisions, in the consolidated case of New York State Chapter, Associate General Contractors v. New York State Thruway Authority (666 NE 2d 185, 151 LRRM 2891, N.Y. Court of Appeals, March 28,1996) the New York Court of Appeals upheld the use of a PLA on the renovation of the Tappan Zee Bridge, but overturned the one attached to the construction of dormitories at the Roswell Park Cancer Institute. In Associated Builders and Contractors of Rhode Island v. Department of Administration (787 A2d 1179, 170 LRRM 2054, R.I. Supreme Court, January 4, 2002) the Rhode Island State Supreme Court overturned a PLA for a new sports facility at the University of Rhode Island.

In the former case, the court held that New York law does not prohibit nor absolutely permit PLAs but does require that there be an adequate reason to apply a PLA to a project and further requires that sufficient analysis be done to determine whether a PLA advances the purposes of the state's competitive bidding statute. For the Tappan Zee Bridge, the Thruway Authority had determined that the need for quick completion and labor peace supported the use of a PLA. The authority also found that it would save over $6 million by using a project agreement (as opposed to operating under local contracts). However, in the dormitory case, the state agency had already begun the project without a PLA. Later, it attached one to the project without doing any serious analysis of

the benefits. The court voided that PLA stating that the agency had failed to "consider the goals of the competitive bidding statute."

The facts of the Rhode Island case are somewhat similar to those of the New York dormitory case. The University of Rhode Island had already begun construction of a $73 million basketball and ice hockey facility. Work on the project involved 34 separate bid packages. Six bids had been awarded with no mention of a PLA. But in the fall of 2000, more than one year into the project, a PLA was signed. Immediately thereafter, fourteen additional packages went out to bid requiring adherence to the new agreement. The Rhode Island Supreme Court found that the PLA violated state law. The court wrote (170 LRRM at 2060):

[We] are of the opinion that an awarding authority may include a PLA as a bid specification in a public contract, but the awarding authority may do so only after it has established that (1) the size and complexity of the project are such that a PLA supports the goals and objectives of the state purchases act, and (2) the record demonstrates that the awarding authority has conducted an objective, reasoned study using reviewable criteria in determining that the adoption of a PLA helps achieve the goals of the state purchases act.

Since the sports facilities were nearly complete, the court let the project go forward and did not award any damages to the plaintiffs.

PLAs became more common. In the past decade, all branches and levels of government have been dragged into the PLA debate.[5] It is probably not an exaggeration to say that ABC has challenged nearly every large public sector PLA that has been proposed during the past ten or twelve years.

However, not all challenges have resulted in the outcome sought by PLA opponents. A watershed event was the 1993 United States Supreme Court decision in the so-called Boston Harbor case.[6] Although the case dealt with the narrow question of whether local public sector PLAs should be preempted by the National Labor Relations Act, the unanimous court decision allowing a Massachusetts water resources board to go ahead with its PLA bolstered the efforts of proponents to seek agreements on a wide range of public projects.

Viewing market-share PLAs as a threat to their members' market position, the ABC and its state affiliates have mounted intensive national and local campaigns to oppose the use of PLAs. This effort has included numerous court cases, media campaigns and lobbying efforts.[7] Most of the legal action since Boston Harbor has concerned bidding statutes and ordinances and if PLAs, since they place conditions on successful bidders and arguably limit the number of bidders, violate either the letter or the spirit of such laws. Court decisions have been mixed.[8] In a number of cases, state courts have refused to overturn PLAs, while in other cases they have found that a particular PLA did violate a bidding statute.

The situation at the federal level, however, is different. One of President George W. Bush's first actions in office was to reverse altogether a Clinton administration's policy encouraging PLAs. On February 21, 2001, the President issued Executive Order 13208 prohibiting the federal government or a construction manager acting on its behalf from placing in its bid specifications any language that denotes the following:

(a) Require or prohibit bidders, offerors, contractors, or subcontractors to enter into or adhere to agreements with one or more labor organiza-

tions on the same or related projects

(b) Otherwise discriminate against bidders, offerors, contractors or subcontractors for becoming or refusing to become or remain signatories or otherwise to adhere to agreements with one or more labor organizations, on the same or related construction projects

The President amended the order on April 6, 2001 to exempt agreements that had already been entered into. And Executive Order 13208 allows successful bidders to enter into PLAs voluntarily, but it prohibits the mandatory acceptance of a PLA as a condition of bidding. The result is that PLAs are not currently being applied to most federally funded projects. This has not, however, slowed their use in the private sector nor on public projects that use only state or local funds. It is not possible to determine precisely how many PLAs are in effect at any time, nor how many are public sector and how many are private sector. However, based on findings in previous research, it is likely that at least three-quarters of PLAs are private sector.[9] Therefore, Executive Order 13208 may have only a small effect on the overall use of such agreements. Nevertheless, market-share PLAs are controversial because they involve a struggle between union contractors, high-wage nonunion contractors and low-wage nonunion contractors over market share in the public sector.

What do we know about the effects of PLAs?

The controversy over PLAs has spurred research on the effects of PLAs on a variety of issues, including the number of bidders on a project, labor costs and final bid price. Unfortunately, much of the research is of low quality and has originated from organizations or individuals with a clear prior position. This research typically relies on anecdotes and spurious comparisons. For example, ABC's Union Only Project Agreements: The Public Record of Poor Performance discusses eighteen projects on which there were cost overruns. Of these, six are described as union only projects but are not PLAs. No attempt is made to compare a sample of PLA and non-PLA projects.[10]

Some of the research, however, is a bit more sophisticated. Two important topics that have been examined by researchers are the effects of PLAs on the number of bidders on a project and the ultimate effect of a PLA on project cost.

PLAs and bidding

The research on bidding can be divided into three categories: studies that compare the number of bidders on PLA and non-PLA projects, those that look at the union/nonunion mix of contractors on PLA projects and those, based on survey research, that gauge the likelihood of nonunion contractors bidding on PLA projects.

The Empire State Chapter of ABC, in studying construction at the Roswell Park Cancer Institute in New York concluded that packages put out to bid without a PLA stipulation received 21% more bids than projects with a PLA attached.[11] Andrews, the General Accounting Office (GAO); and Opfer, Son and Gambatese all examined participation by nonunion contractors on PLAs.[12] Andrews studied the Boston Harbor project and found that nonunion participation was lower than reported by the construction manager. He also found that less than half of the nonunion contractors were supplying construction services, with the remainder involved in material supply or professional services. A study of a project run by the South Nevada Water Authority, Opfer, Son and Gambetese concluded that between 16% and 33% of contractors were nonunion and one percent to 27% of the volume work was done by nonunion contractors. The authors interviewed representatives of two nonunion firms that had worked on the SNWA project but indicated that they would not work on

PLA projects again. Among the problems cited by the firms were jurisdictional disputes among unions, poor performance by union workers and obligations to support union sector benefits funds. The GAO's study found that 86 of 286 contracts on the Idaho National Engineering Laboratory were awarded to nonunion contractors, despite eight of eleven nonunion contractors telling the GAO that they would not bid on the project because of the PLA provisions.

All of the studies cited above have problems. For example, the ABC study failed to account for differences in the types work covered and not covered by PLAs at the Roswell facility, and Andrews's sample is much too small to produce valid, statistically significant results. However, a more important question is the relationship between the number of bidders and project cost. In two studies in New York State, Carr found that project costs fall between 3.2% and 3.8% for each additional bidder.[13] However, Carr's statistics show that his model accounts for only 11% of the variance in project costs, suggesting that a number of possibly critical variables are not included in his analysis. If important variables are excluded, effects may incorrectly be attributed to the number of bidders that when, in fact, other causes are at play.

PLAs affect on bid price

One stream of research simply looks at the direct effects of PLAs on bid price regardless of the number of bidders. Research conducted by the Beacon Hill Institute (BHI) at Suffolk University in Boston has been widely reported. In 2003, BHI conducted two studies of school construction projects in the Boston area. In 2004, it replicated its research in Connecticut. In all of the studies, BHI reported substantial cost premiums associated with PLAs. In the original Boston study, the researchers found that PLAs increased school construction costs by 17.3% or about $31.74 per square foot. A follow-up study on a larger sample pegged the estimate at 14% or $18.83 per square foot. The Connecticut study estimated that PLAs added about thirty dollars per square foot to costs.[14]

More detail resides in later sections; however, in brief, the BHI team did an insufficient job at controlling for variables that affect construction costs. Hence, much of what was attributed of the presence of a PLA is actually explained by other variables, such as project location (e.g. the inner city) and building amenities (heating systems, swimming pools, etc.).

PLAs and human resource outcomes: compensation, strikes, safety and minority employment

Two studies examine the impact of PLAs on wages. In the GAO paper on the INEL project, researchers found that wages on the project were 17% to 21% higher than the Davis-Bacon prevailing wage rates for the area. In a 1997 article, Lyons argued that the executive memorandum issued by President Clinton to encourage the use of PLAs on federal construction projects would raise federal construction costs between 2.3% and 7.2%.[15] In the GAO piece, however, most of the difference was accounted for by the travel allowances included in the agreement, and the critical problem with Lyons's calculation is that he used the national average construction wage as a proxy for the Davis-Bacon rate.

Several studies have addressed the complaint by nonunion contractors that PLAs force them to pay into the union sector benefits funds while maintaining their own pension and health care plans.[16] Lund and Oswald point out, however, that this argument may be more theoretical than actual, since many nonunion workers lack any benefit coverage.[17] Either their employers do not offer coverage, or the short tenure of nonunion workers precludes their participation in benefits' programs. It is also the case that participation would be gov-

erned by the PLA and could vary from agreement to agreement (see, for example, the Toyota agreement discussed in Chapter Five).

A central feature of PLAs is the inclusion of a no-strike/no-lockout clause. In research done by Johnston-Dodds in California, 26 of 59 reviewed PLAs contained blanket no-strike provisions, while the remaining 33 allowed strikes only in the event of contractor delinquency in payments to joint funds.[18] PLA proponents champion such provisions as an important element in raising certainty on construction projects.

Opponents discount such provisions on several grounds. First, they note that no-strike provisions have been violated (though proponents counter that dispute settlement procedures have been highly effective in quickly resolving problems). Second, PLA opponents point to the generally low strike rates in construction today. And, finally, they note that such disruptions are rare on nonunion worksites.

Available research on safety is, for most part, restricted to two case studies: work done by Dunlop on the Boston Harbor project and Opfer, Son and Gambatese's work on the SNWA project.[19] Dunlop found that lost time incident rate on the Boston Harbor Project was 4.1 while the national average for heavy construction was 6.2. Further, the lost workday incident rate was 134.7 for Boston Harbor versus a national heavy construction rate of 150.4. Opfer, Son and Gambatese, however, found contrary evidence when examining the SNWA project.

Finally, the research on minority (including female) employment is also sketchy and primarily anecdotal. PLAs have been opposed by a number of minority contractor associations. However, membership in such associations is likely dominated by nonunion firms. In additiong, ABC argues that the emphasis placed on minority employment by PLA proponents is designed to "deflect criticism of unionized construction emanating from minority and women's groups."[20] Johnston-Dodds provides perhaps the most interesting description of a minority employment program in her description of the Port of Oakland, California PLA.[21] The agreement included a small/local business utilization program and a local hiring program, which provided for set-asides and targets for minority contractor and worker participation. The PLA also called for a social justice committee to oversee implementation of the minority hiring provisions. The social justice components of the PLA were supported by a contribution of up to $1.15 per hour for all work done under the PLA. Although some difficulties were mentioned in meeting some of the PLA's goals, the report does not contain an analysis of the overall effectiveness of the program.

Conclusions

A PLA is an agreement between a multicraft set of labor unions and a construction user represented by the project manager or some other agent qualified to sign a labor agreement. Bringing new parties to the table—a user who controls work and a combination of unions who can collectively harmonize their local labor agreements—creates new bargaining possibilities, and new win-win solutions become possible. PLAs fall into three historical categories.

Old School PLAs were dominant from WWII to around 1980. They were large, long-lasting, often technical or rural projects that needed to draw workers from long distances and proceed uninterrupted by strikes in an environment with widespread unionization. PLAs set the wages, conditions, traveling arrangements and no-strike clauses that made these goals possible.

Stop-Loss PLAs emerged in the 1980s in response to stagnation in the construction labor market and loss of work to the nonunion sector. These concessionary PLAs granted primarily to large industrial owners discounted local union wages and benefits to preserve work. Neither PLA was particularly controversial for its time except for

those union members who objected to the concessions embedded in Stop-Loss PLAs.

Modern Market-Share PLAs are applied to a wide range of private and public projects attracting owners based on new win-win possibilities associated with a new bargaining table. Market-Share PLAs are controversial because these contracts serve as weapons in the struggle between union and some nonunion contractors (those who cannot or will not compete for PLA work) over market share.

While most PLAs are on private work, the controversy over PLAs is focused on public work: if a private owner wishes to sign a PLA, there is no public policy that would stop the owner doing so. Consequently, the debate is over whether PLAs are good for the public sector. Thus far, most of the debate has been on whether PLAs raise public construction costs. Analytically, this is a delicate argument to make because most Market-Share PLAs exist where unions are strong and public works require prevailing wages and those wages (and benefits) tend to correspond to the wages and benefits required by PLAs. So the argument must be that PLAs restrict bidders, thus reducing competition and raising prices. The problem with this argument is one need only about half a dozen bidders to get the full effect of bidding competition on prices. Furthermore, research to date only looks at whether nonunion contractors are discouraged and not whether union or high wage nonunion contractors are attracted by PLAs. In short, we do not know whether or to what extent PLAs discourage bidding. Nonetheless, some research has argued that PLAs raise total costs on prevailing wage jobs by around 15%. This is not only a surprising result because it cannot be derived from increased wages, but also because labor costs as a percent of total costs typically is around 30% in construction.

Readers should not be dismayed at the preliminary, incomplete, and often inadequate results of research on PLAs. This field of research is young, and from the heat of current controversy there may yet emerge information. Some of the problems with prior work simply reflect the inherent difficulties with this type or research (e.g. getting adequate data, comparing very different projects). In other cases, results are compromised by low quality research, including poor statistical modeling. Perhaps the most disheartening weakness is that some studies simply attempt to support a previously held position, with findings merely leading to a foregone conclusion. Nonetheless, this research literature will mature, become more sophisticated and solve some of its methodological problems, and thoughtful conclusions will drive out preconceived notions. This study is an attempt to contribute to that maturation process.

2. The Content of PLAs

Before analyzing the effects of PLAs, the contents require explanation. There are two model agreements adopted by the AFL-CIO's Building and Construction Trades epartment and approximately one hundred actual PLAs covering projects in 17 states.

Two categories of PLA provisions are clearly designed to promote cost savings on projects. The first category primarily includes compensation concessions on wages, benefits, premium pay and pay for time not worked (e.g. breaks). The second type of provision seeks to contain cost by enhancing productivity by relaxing work rules, minimizing crew sizes and restricting the introduction of new technology, among other things.

Cost containment provisions

Wages

Direct wage concessions in PLAs are rare. Most PLAs simply incorporate the wage schedules from local collective bargaining agreements. These are usually called Schedule A agreements, with Schedule A being the first contract appendix. However, a PLA occasionally will call for a trades' more favorable wage schedule to be used (e.g. residential rates on a commercial project). Less common is a separate wage schedule with different pay rates and different timings for pay increases.

Though rare, across-the-board wage concessions are possible and were more common during the recession of the early 1990s. A PLA for a building project at a private college in Rhode Island, for example, stated that "All employees covered by this agreement shall be classified in accordance with work performed and paid at the rate of eighty percent (80%) of the base hourly wage rates for those classifications…"

A more common concession is a wage freeze for the life of a project. A Connecticut PLA read, "The wage rates will be frozen as of September 1, 1998 for the remainder of the project. Fringe benefits shall not be frozen during this period."

Premium pay

PLAs often limit the types of premium pay available on a project. A New Jersey PLA allowed for reporting and call back pay but otherwise held "there shall be no premiums, bonuses, hazardous duty, high time or other special payments of any kind." Similarly, overtime may be limited. A Connecticut PLA called for time-and-one-half to be paid after "ten hours worked in a day or forty hours worked in a week." Area agreements required premium pay after eight hours of work.

Benefits

We discovered two approaches in PLAs to limiting benefits' costs. Most common, PLAs restrict the payments required of contractors to those funds that directly benefit employees. An Oregon agreement stated that "The employer shall pay only fringe benefit funds for employees (such as pension, health and welfare, vacation, apprenticeship and the like) that have been legally negotiated and established by the applicable collective bargaining agreement…This expressly excludes any and all Industry Promotion Funds, Contract Administration Funds, Contractor-Union Management Funds, Craft of

Industry Alliance of Associations."

A clause in a New England PLA limited premium contributions (for most trades) to the straight time rate, regardless of whether work was being performed at straight time or premium rates.

Pay for time not worked

A clause from a New York PLA stating, "There will be no rest periods, organized coffee breaks or other non-working time established during working hours" is typical. Some PLAs specifically allow workers to bring beverage containers to their workplace for brief individual pauses. Except for lunch breaks, pay for time not worked is often limited by PLAs.

Work rules

PLAs generally include broad proscriptions on practices that would, in any way limit productivity. Consider the following two sections from an Indiana PLA:

Section 1: There shall be no limit on production by workers nor restrictions on the full use of tools and equipment. There shall be no restriction, other than may be required by safety regulations, on the number of employees assigned to any crew or to any service. …

Section 7: The Union will not impose conditions which limit or restrict production or limit or restrict the joint or individual working efforts of employees. The Construction Contractor may utilize any method or technique of construction, and there shall be no limitation or restriction regardless of source or location of machinery, precast tools, or other labor-saving devices, nor shall there be any limitation upon choice of materials and design.

Provisions effecting scheduling

As the interview portion of this research reveals, one of the primary reasons that construction users agree to PLAs is their effect on scheduling. It is particularly significant when a project has a tight deadline, such as completion before the start of a school year or sports' season. Nearly all PLAs include in the preamble some mention of the need for timely completion. This mention may be general or very specific.

As well, PLAs usually reconcile the often disparate work schedules of the trades. PLAs specify standard start, quit and break times, and most PLAs note a uniform set of holidays. The following language is from a Minnesota PLA and addresses a number of scheduling issues.

Article VIII
Hours of Work, Overtime, Shifts and Holidays

8.1 The regular forty (40) hour work week will start on Monday and conclude on Friday. Eight (8) consecutive hours, exclusive of a one-half (1/2) hour lunch period, between 7:00 a.m. and 5:00 p.m. shall normally constitute a work day. The starting time of the Work may be changed within these hours by the Employer upon notification to the Union to take advantage of daylight hours, weather conditions, shift, or traffic conditions. It is understood that all work performed in excess of eight (8) hours per day shall be considered overtime. Starting time may be adjusted up to one (1) hour prior to 7:00 a.m. with mutual consent of the Union and Employer.

8.2 At the scheduled starting time, all employees will be at the place where they pick up

their tools or receive instructions from their foreman. They shall remain at their place of work under the supervision of the Employer until the scheduled quitting time. There shall be no practices that result in starting work late in the morning or after lunch or in stopping work early at lunch time or prior to the scheduled quitting time. Coffee breaks will be limited to ten (10) minutes and shall be taken in close proximity to the Employee's Work Station. The parties are in accord that the intent of the Agreement is a "fair day's work for a fair day's pay" and Work should be managed in such a manner to enable the Employer to maintain and increase efficiency consistent with fair labor standards.

8.3 When employees leave the Work on their own accord at other than normal quitting time, it is their responsibility to notify the Employer. Employees will be paid only for actual hours worked.

8.4 The Employer shall determine the recording devices, checking systems, brassing or other methods of keeping time records on the Work.

8.5 An effort will be made to keep overtime work to a minimum but when such is judged necessary it will be worked at the direction and discretion of the Employer.

8.6 All overtime to be paid at time and one-half except on Sunday and Holidays which will be paid as specified in Local Union Bargaining Agreements

8.7 All employees shall be paid for actual time worked. The Employer shall have sole responsibility to determine availability of work due to weather conditions.

8.8 Shift work may be performed at the option of the Employer. In the event the second or third shift of any regular work day shall extend into a holiday, employees shall be paid at regular shift rates. Shift work shall be paid as specified in local collective bargaining agreements. When so elected by the Employer, multiple shifts of a temporary basis, shall be worked the number of consecutive days required by the Local Union Bargaining Agreement.

8.9 Uniform holidays for the Agreement are as follows: New Year's Day, Good Friday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, the Friday after Thanksgiving, Christmas Eve Day and Christmas Day. If any of these holidays fall on a Saturday or Sunday, the preceding day, Friday, or the following day, Monday, shall be considered to be a legal holiday. A holiday shall be a 24-hour period commencing with the established starting time of the day shift on the date of the holiday.

8.10 When work is to be performed in controlled areas, the Employer may elect to have the employees take two (2) one-half hour breaks instead of two (2) ten minute coffee breaks and a one-half hour lunch period.

No-strike/no-lockout and dispute settlement provisions

Perhaps most importantly, PLAs insulate work on a project from disruptions that might occur because of labor relations issues or grievances.

Some no-strike/no-lockout provisions are very broad and preclude all types of actions. Others provide a narrow exception that allows striking if a contractor is delinquent in its payments to benefits' funds. The BCTD model PLA allows for disciplinary action—including ineligibility for rehire for ninety days—for any individual who violates the no-strike provision.

To ensure that disruptions do not occur or are dealt with swiftly, PLAs often contain several types of dispute settlement mechanisms. First, many PLAs, following the BCTD model, have a three step grievance procedure ending in binding, neutral third-party arbitration. This procedure handles typical complaints of contract violations. Second, PLAs often have some method of resolving jurisdictional disputes. Most PLAs simply refer matters to the BCTD's plan for the settlement of jurisdictional disputes in the construction industry. Some, however, contain their own procedures for resolving such disputes, particularly for cases where a non-BCTD union or employer who does not agree to use the plan is involved. Clear language in the scope of work provision and requirements for pre-bid or pre-job conferences are also ways of avoiding jurisdictional problems.

Many PLAs also have expedited procedures to handle job actions if they do occur. Typically, an arbitration hearing is held quickly with an immediate finding as to whether a job action has taken place. If one has, injunctions are authorized and penalties may be handed out to the offending individuals, unions or employers.

Safety, training and minority employment

All of the PLAs reviewed for this research mention the need to adhere to safe work practices. In some cases, these are fairly brief statements calling for adherence to contractor's safety rules and OSHA or state safety regulations. Drug testing policies are also a nearly universal item.

It is not uncommon, however, for safety clauses to be much more highly-developed and include, among other things, labor/management committees and mandatory testing on safety protocols. Rather than being included in the PLA itself, a project safety plan is often a separate document altogether.

Since PLAs typically cover large projects that last for several years, they provide excellent opportunities for training initiatives. Changes in the journeyman/apprentice ratio, the inclusion of pre-apprenticeship programs and even programs to set aside a portion of worksite for training are possibilities. An Indiana PLA, for example, stated that apprentices and non-journeymen may be "up to forty percent (40%) of a craft's workforce…unless the local collective bargaining agreement establishes a higher percentage."

A New York PLA provides a good example of a pre-apprenticeship program. In this case, pre-apprentice opportunities were provided to "students of the City of Buffalo's Vocational High Schools." The PLA stated that students "shall perform 'hands-on' work in the following trades: carpentry/drywall, taping, interior finishes/painting, electrical, plumbing, communication and low voltage cabling, masonry, HVAC, finish carpentry work and fire protection.

An extraordinary training program was part of the PLA for British Columbia's Island Highway. The centerpiece of the effort was the Hindoo Creek project, a section of highway built by trainees. As reported by Cohen and Braid, "Time spent on the job was strictly on actual production. 'I wasn't just pushing barrels around from one side of a training yard to another,' one trainee explained, 'I was doing real work.'" [22]

The Hindoo Creek project was part of an effort to recruit women and minorities into construction.

Targets and local hiring initiatives are also means of increasing minority participation under PLAs. A Connecticut PLA, for example, required that local residents be given first hiring preference, followed by those in neighboring communities. A New Jersey PLA stated that "up to 50% of the apprentices placed on this project shall be first year, minority, women or economically disadvantaged apprentices as shall be 60% of the of the apprentice equivalents…"

Critical miscellaneous provisions

Several other distinctive aspects of PLAs deserve mention. The Scope of Agreement provisions are highly detailed in PLAs. In order to avoid conflicts over what work the PLA covers and does not cover, the PLA project must be well defined. The following is an example from the Boston Harbor project.

The Management Rights clause in nearly all PLAs includes the rights to "hire, promote, transfer, layoff or discharge for just cause." The latter part of the provision bears special notice, since many local agreements in the construction industry do not include a just cause provision. However, these are typical in PLAs and balance with the dispute settlement procedures as a means of resolving just cause issues.

PLAs generally require all contractors on a project to use the referral system that is specified in the PLA or those included in local agreements. Some PLA referral mechanisms allow nonunion contractors to bring some of their own workers onto a project. These are called core personnel, key man or drag along provisions. For example, a western New York State PLA provides an illustration. It read, "In addition, the Contractor may hire, per craft, five (5) journeypersons referred by the affected trade or craft and may the hire one (1) core employee as a journeyperson who has been regularly employed by that Contractor for a reasonable time."

Such Project is generally described as the construction of the following:

1) Primary, secondary and residual wastewater treatment facilities on Deer Island
2) Head works on Nut Island
3) A tunnel under Boston Harbor from Nut Island to Deer Island
4) An outflow tunnel eastward in the Atlantic Ocean from Deer Island, including the installation of diffusers
5) Related facilities, which include, as necessary the following:
a. Site preparation, demolition and/or rehabilitation of facilities now located on the site
b. Designated materials and personnel loading and unloading and staging sites dedicated to the Project
c. Transportation systems in and around the Harbor for personnel and materials
d. Installation of materials necessary for the Authority's Deer Island facilities, not otherwise undertaken by public or private utility organizations, in the town of Winthrop
6) The interim and permanent sludge treatment plants at FSRA
7) New construction/rehabilitation work for the Authority's current operating facilities on Deer Island and Nut Island awarded after the effective date of this agreement

Finally, the term of agreement or duration clause is critical. Such clauses are much more complex in PLAs than in local agreements. Rather than the typical three or four year termination dates, PLAs must have detailed language concerning a project's completion. Without such language, disputes may arise as whether subsequent work is covered by the PLA. The following illustration comes from a Nevada PLA and shows the detail of such clauses:

ARTICLE XVIII
DURATION OF AGREEMENT

The Project Labor Agreement shall be effective on the date approved by the [owner], the Union and the General Contractor and shall continue until final acceptance, as defined in Section 1(b) of this Article, of the Project construction work described in Article II hereof.

Section 1:
(a) Turnover. Construction of any phase, portion, section or segment of the Project shall be deemed complete when such phase, portion, section or segment has been turned over to the Owner by the Contractor and the Owner has accepted such phase, portion, section or segment. As areas and systems of the Project are inspected and construction tested and/or approved by the Construction Manager and accepted by the Owner or third parties with approval of the Owner, the Agreement shall have no further force or effect on such items or areas, except when the Contractor is directed by the Construction Manager or Owner to engage in repairs or modifications required by its contract(s) with the Owner or Construction Manager.

(b) Notice. Notice of each final acceptance received by the General Contractor and/or Contractor will be provided to the Union with a description of what portion, segment, etc. has been accepted. Final acceptance may be subject to a 'punch list', and in such case, the Agreement will continue to apply to each such item on the list until it is completed to the satisfaction of the Owner and Notice of Acceptance is given by the Owner to the General Contractor and/or Contractor.

(c) Termination. Final Termination of all obligations, rights and liabilities and disagreements shall occur upon receipt by the Union of a notice from the General Contractor or the Owner saying that no work remains within the scope of the Agreement for the General Contractor or its successor.

(d) Releases/Waivers. Any and all releases and/or waivers shall be provided to the Owner.

A PLA checklist

The following table provides a comprehensive checklist of items for negotiators of PLAs. However, the list should not be a substitute for the important needs on a specific project. As chapter five states, the strength of PLAs is the ability to address these needs. The initial questions negotiators should ask are: What are the important issues on this project (e.g. cost, scheduling, safety, etc.)? How can the PLA be structured to handle these issues?

Table 1: A PLA Item Checklist

1. Purpose

- If there is a specific date by which the project must be completed, is it included?
- Is the need for harmonization of hours and the stabilization of wages mentioned?
- Is the need for the maintenance of labor peace mentioned along with a dedication to the mutual resolution of disputes?
- Does the clause contain a no-strike/no-lockout statement?

2. Scope of agreement

- Is it clear that the PLA is intended only to cover construction work?
- Is work that is not included clearly stated?
- Are the various projects and geographic parameters of the site well-defined?
- Does language address site preparation and/or dedicated off-site work?
- Does the clause clearly state that all contractors, of whatever tier, must accept and be bound by the agreement through a letter of assent?
- Does the agreement clearly state that the property owner's employees are not covered and the PLA does not create joint-employer status?
- Is there a supremacy clause stating that the PLA supersedes all other agreements?

3. Union recognition

- Are the signatory unions recognized as the sole and exclusive representatives of all craft employees?

4. Management's rights

- Is management specifically given the right to hire, promote, transfer, lay off or discharge employees, subject only to the provisions of the Agreement?
- Is just cause protection granted?
- Are restrictions of output, crew size or the introduction of technology prohibited?

5. Referral of employees

- Do signatories agree to use the referral procedures maintained by the unions?
- Is there a provision for unions that do not have an established referral system?
- Is there a non-discrimination clause in the agreement?
- Is there a period (e.g. 48 hours) after which contractors may seek labor from other sources if the

union is unable to fulfill a request?

- Is there language relating to the appointment of foremen?
- Does the agreement allow for testing or evaluation for those who require special skills?
- Is there a "key man" or core personnel provision?
- Is there a clause that prohibits the union from reassigning project employees to another site?
- Is there a provision for the reemployment of individuals who quit or are terminated for cause (e.g. ineligibility to return to the site for 90 days)?

6. Apprentices and trainees

- Is there language about the employment of apprentices?
- Does the PLA allow for a uniform journeyman/apprentice ratio?
- Are helpers, trainees, or other subjourneymen allowed on the project?
- Is the ratio of these other trainees defined?
- Are apprentice or trainee wages defined in the PLA?
- Does the PLA establish any special program for the recruitment or training of apprentices or other trainees (such as minority or female targeting, a school-to-work program, etc.)?

7. Wages and benefits

- Does the PLA contain any direct concessions on wages?
- Does the PLA contain any direct concession on overtime pay?
- Does the PLA limit forms premium pay, such as travel time, high time, etc?
- Does the agreement limit the joint funds to which contractors must contribute?
- Does the agreement limit amounts to be contributed to straight time wages?

8. Work rules

- These are unique to each project, but may include such matters as rules on the use of equipment, smoking, absenteeism, etc. Often this section is used as a residual category for items that do not fit easily into other sections.

9. Work stoppages and lockouts

- Is there strong language prohibiting strikes and lockouts, as well as other types of job actions (e.g. slowdowns)?
- Is striking allowed over certain matters, such as delinquency in payments to joint funds?
- If striking is allowed, is it limited in any way (e.g. must not be accompanied by picketing, handbilling, etc.)?
- Is notice required for striking?
- Is there a procedure for determining if a proscribed job action has occurred and for enforcing the no-strike/no-lockout clause?

10. Grievances and arbitration

- Does the agreement contain a grievance and arbitration procedure?
- Are arbitrators named in the PLA?

- If not, is the source of arbitrators (e.g. AAA, FMCS) defined?
- Does the agreement define the types of disputes or grievance that are subject to the procedure?
- Are exceptions made to the grievance/arbitration procedure for industries that have their own settlement procedures?
- Is the procedure, including the number of steps and individuals involved, clearly defined?
- Is the employer allowed access to the grievance procedure?
- Are limits to the arbitrator's authority defined?

11. Jurisdictional disputes

- Does the PLA reference the Plan for the Settlement of Jurisdictional Disputes in the Construction Industry?
- Is a provision made for parties that are not stipulated to the Plan?
- Are pre-job conferences required to work out jurisdictional issues?

12. Union security

- Is there a requirement to join the appropriate union within the statutorily defined period of time?
- Is there a maintenance of membership provision?
- Is an exception made if the project is in a "right-to-work" state?

13. Union representation

- Is provision made for access to the project by union officials?
- Are the rules for union access defined?
- Are rules governing stewards defined?

14. Hours of work

- Is the workday defined?
- Are hours of work standardized across crafts?
- Are break times defined?
- Are any statements about overtime or overtime distribution included?
- Are there provisions for shift work and/or flex time?
- Are uniform holidays specified?
- Are rules concerning the celebration of holidays that fall on weekend defined?
- Is there a provision for make-up time?

15. Subcontracting

- Is subcontracting restricted to those willing to sign a letter of assent?

16. Safety and health

- Are any special safety programs or safety committees specified in the agreement?
- Are employees required to receive special safety training or be certified in particular safety procedures?
- Is a drug and alcohol abuse monitoring or prevention program specified?
- Is immediate dismissal allowed for safety violations?

17. Saving clause

- Does the clause preserve the contract if any particular provision is voided by a court of law?
- Does the clause require the parties to negotiate a substitute agreement for any provision voided under law?

18. Term of agreement

- Are the start and end dates of the project clearly defined?
- Is there a provision for rework or a contractor's subsequent involvement with the project?

3. Interviews

It was essential to hear from individuals with experience with PLAs. The research team interviewed approximately forty people who shared a variety of thoughts. It spoke with both public and private construction users, contractors, contractor association representatives, labor union officials and two labor/management committee executive directors. Interviews were conducted in southern New England, the northern Midwest, and the West (mainly California). To comply with rules for research including human subjects, the names of the interviewees are not revealed. Below we discuss positive and negative comments about PLAs, suggestions for when a PLA should or should not be used and ideas for improving PLAs.

Positive comments

Favorable comments about PLAs came mainly through questions about how PLAs affect costs, scheduling, safety, training and minority employment.

Scheduling

Interviewees seemed most convinced that the greatest benefit of a PLA was in assuring timely completion of a project. Foremost, PLAs nearly guarantee a steady flow of qualified labor. A New England contractors' association representative (who was generally ambivalent about PLAs) said, *"If a nonunion contractor needs labor, he will have to put an ad in the paper and hope he gets people to apply. But the unions have a national network of referral and hiring halls, and a contractor can nearly always get qualified labor."*

"Anything above five to eight million dollars we will go to a project labor agreement because we find it a more effective management tool…Basically it's the labor pool, the supply of labor, the quality of the workmanship. In my experience we have had some jobs that had both union and nonunion contractors on them and from the point of view of the lump sum delivery of the job it was tough to manage. So from an owner's perspective it's a more effective management tool."

The construction manager of an Ivy League university

Similarly, the construction manager for an Ivy League university stated:

Anything above five to eight million dollars we will go to a project labor agreement because we find it a more effective management tool…Basically it's the labor pool, the supply of labor, the quality of the workmanship. In my experience we have had some jobs that had both union and nonunion contractors on them and from the point of view of the lump sum delivery of the job it was tough to manage. So from an owner's perspective it's a more effective management tool.

In my experience, on our union (i.e. PLA) jobs we have never missed an opening date, and it is all driven by the academic schedule…We need to deliver this building by May 2006, and I get a better level of assurance building with a PLA.

The manager also noted that scheduling depended not only on getting qualified workers, but on keeping them working. Hence, the dispute settlement provisions of PLAs are also important. He added, *"The only [job] action we had*

where we had a problem was on an open shop job. Generally PLAs will protect us from that type of action."

The director of a hospital in the Midwest also noted the advantages of getting a quality workforce and being free from work disruptions:

> *Having an IMPACT agreement [i.e. a PLA] gave us peace-of-mind throughout all phases of the project. A new facility was a dream of our volunteers, board members and staff for many years. The planning phase was lengthy and thorough. Once we entered the construction phase, time was a crucial issue. The IMPACT agreement assured us of the full cooperation of the building trades. There were no work stoppages, and job harmony made for a project completed in a timely manner.*

In the West, a public sector owner also commented on the scheduling advantages of a PLA, while noting the cost advantages of assuring quality:

> *With the PLA, we finish on time, no interruptions or delays associated with disputes. It isn't just the dollar figure. When I put up a building, I stand back and take pride in it. When I see lousy work, I get angry. It isn't a question of it costing us five dollars an hour more. My community wants their school buildings put up properly, and they want them to last and not to have to come back and fix things because somebody was not properly trained. The PLA saves us money on the final cost, which matters more than the bid price.*

"The PLA saves us money on the final cost, which matters more than the bid price."

A Western public sector construction user

Adding some detail to concerns about scheduling, a public sector construction user in New England talked about assuring a proper flow of work on a project:

> *Delays in the project are what cause some of the most significant issues because it put trades out of schedule. They may have to go to another job. Then when you throw them off, you throw off the others…So in order to have the right order and to have people in the different trades, when they look across, say 'we know they do good work. If somebody is falling a little bit behind, let's work with them. Let's figure out a way we can move on, and let's resolve any issues.' That aspect of PLAs was very appealing to the building committee.*

"The biggest advantage is knowing that once a job starts it's going to stay working. It's not going to be affected by these external things that, for example, could affect you in local negotiations."

"You can't have delays [on school projects], and one of the things that PLAs give you is the ability to get the workforce."

The thoughts of two New England union officials

Training and minority employment

Several interviewees remarked that PLAs enhanced training and fostered minority participation in the trades. A Boston area union official told us:

> *We have made provisions for intake of certain people from communities into our programs to give them a direct access. It could be a project where the school committee says, 'any chance our young people might have a shot of getting into the training programs?' and we will write something in…One thing we talk about in the PLA is getting the kids and actually putting them in our training program, so in three or four or five years they're actually a journeyperson, as opposed to just throwing them on the job site for a few months, and then they're gone, and*

they don't learn anything…We give them more of a committed career path as opposed to just giving them a part-time job for the summer.

[On one project] there was an agreement in order to take in minority, women, disadvantaged kids into the industry, the building trades set up a pre-apprentice program…They put 200 or 300 kids through the program every year. It's a six month program, so they do two a year. Those kids are then moved into the apprentice program if they want…The six month program is really to give them a sense of what construction is as a career. But those that want to pursue it, they go into the apprentice programs, and they're off and running from there.

A New Haven area union official added:

[The city] had done a lot of projects without PLAs, but the PLA projects invariably came in on time and on budget and, two, they demonstrated, as contrasted with the non-PLA jobs, a clear superiority in numbers in terms of [city] residents and minorities…and they still came in few cents per square foot cheaper than the other jobs.

For the larger cities, it's important to them that they get local residents and minorities and women, and we demonstrate to them the successful programs that we've implemented within PLAs in other areas. The state projects, and even a lot of the local projects, it's important for them to understand that the PLA is the only way you can really guarantee a local workforce. In the public sector any person can bid, and the successful bidder can bring his workforce from wherever he so chooses, and we've seen people coming in from Arkansas, Texas and Maine. The PLA doesn't prevent anyone from bidding the project. All it says is that the successful low bidder is going to employ local building trades people. And we've done things in those agreements to give local residents a first off the bench hiring preference. We guaranteed one community ten apprentices into the trades during the building project.

Safety

Even some of the skeptics we interviewed said that PLA covered jobs were marked by a heavy emphasis on safety. Some, like the following interviewee, linked safety performance to the labor/management committees found in many PLAs:

Under the PLAs, more so than absent a PLA, there is usually more emphasis on safety and more so, there is more emphasis on joint participation around safety. On almost all the agreements, we insist there be a joint safety committee formed for this project so that on a regular basis, once a month, the agents get together with the stewards and contractor and talk about safety related issues. Now, on the private side, something like this is very demanded, and it is starting to come more and more from the owners, even if we had [started] it initially. On the public side it's asked for less often by the construction manager, but we think it is an advantage.

A contractor's representative stated: *"A contractor can't say 'I can't afford to buy a harness' or lanyard or whatever on a PLA project. The costs are built into the bid process, since they are required on the PLA."*

"Under the PLAs, more so than absent a PLA, there is usually more emphasis on safety, and more so, there is more emphasis on joint participation around safety."

A Boston area labor official

Costs

Since concessions on compensation are rare in today's PLAs, few interviewees made mention of direct cost savings. Rather, savings were implied through better scheduling, higher quality, etc. One interviewee, a union official, commented:

You know time is money, too. I think the PLA jobs—at least the one hundred percent union jobs—are better scheduled and usually come out ahead of schedule, and I think because of that there is a lot of value added.

An interviewee in the West offered an interesting take on PLAs and costs:

When the union brought the PLA to me, I didn't like it. I don't like anybody dictating what the terms of my project should be. But after I stepped back and talked with other people and after re-reading the PLA, I saw the pony in the coral. Low ball bids are not necessarily a great deal. A way-low bid probably means somebody missed something. With the PLA we now have in place, we have a more experienced group of bidders providing a much closer range of bids compared to the mom and pop organizations that were bidding on our projects previously. By law, we have to accept the lowest responsive and responsible bid. [The] mom and pop organizations come in thinking they can take on a major project, and they lose their shirts. Contractors have left. Contractors have been fired. Contractors have gone broke on our projects. Those are things we don't want to get into.

The traditional low-bid approach to awarding public school jobs rewards stupidity. Let's say a project entails three parts—A, B and C. Everybody bids on A, B and C except Stupid. Stupid is stupid, so he doesn't see the third part. So Stupid bids only thinking about A and B. Guess who's the lowest bidder? Stupid! Now Stupid starts the work. The summer goes along. School's coming and the project has got to be completed. Now Stupid sees the third part of the project, but Stupid doesn't have the money to get it done. So Stupid comes to me and asks for change orders. Now he has no business asking for change orders. We could fire him; we could sue him; we could go after his bond. But like I said, school's coming. The kids have to have somewhere to go. So we bite the bullet and pay Stupid his change order. We reward Stupid for being stupid. It's stupid! PLAs cut through this crap by either chasing Stupid out of the game or getting him to pay attention.

"The traditional low-bid approach to awarding public school jobs rewards stupidity…PLAs cut through this crap by either chasing Stupid out of the game or getting him to pay attention."

A Western public sector construction user.

General comments

Construction users in a Midwest city offer a couple of comments that do not easily fit in a category are offered by construction users in a Midwestern city. In the area, a labor/management committee developed a model PLA known as an IMPACT agreement. A hospital and museum official offered us the following comments on the advantages of using the agreement:

Having an IMPACT agreement facilitated a positive partnership between [the medical center] and the subcontractors who worked on our 7th Street campus project. It gave us the assurance of quality workmanship with stringent safety and production standards. We had confidence in a stable, reliable workforce that completed the project on schedule. We were very pleased with the teamwork on our campus and with the benefits gained from our IMPACT agreement.

At [this organization], we know that success is found in uniting the talents of many and building strong relationships. Our IMPACT agreement has been a critical relationship in our effort to build the institute and advance the cardiovascular health of our community. We take pride in being the Quad City's very own health system. Relying on the talents of local people who share a stake in the Quad Cities

only makes sense and has always brought us tremendous results.

The $14 million construction of the museum's IMAX Theater created numerous challenges as we nestled a 38,000 square foot addition between two existing facilities, while continuing to invite the public to participate in a full range of educational programs and exhibitions on Museum Hill. There is no question in my mind that the IMPACT agreement enabled us to achieve our construction time line.

The successful presentation of IMAX films requires a high degree of precision and attention to detail in the construction process. The complex includes a 270 seat auditorium with its centerpiece of a five story-high, seven story-wide flat screen. The talents and dedication of the highly competent workers employed through the IMPACT agreement enabled us to prepare the building to accept the highly technical IMAX equipment. We are assured that the Quad Cities will have one of the finest large format theaters in the nation.

The men and women who worked on this project took pride in their work and shared the excitement of bringing this spectacular new attraction to the region. We look forward to seeing them come back to enjoy the product they created for all of us to enjoy for many years to come. The IMAX Experience will be another point of pride for everyone in the Quad Cities.

Negative comments

Not all comments about PLAs were positive. And, in fact, nearly all interviewees had some criticisms of their use or overuse.

The effect of PLAs on local labor relations

The strongest negative comments about PLAs were not about their impact on construction outcomes, but rather on how PLAs affect local labor relations. Three respondents from a large Midwestern city told a similar of how PLAs had emboldened building trades unions to seek larger than normal bargaining settlements. Since a majority of workers in the area were covered by the no-strike/no-lockout provisions of various PLAs, they did not fear the consequences of a job action and were not, therefore, as willing to compromise their bargaining position. The result was, in the opinions of our interviewees, an overgenerous settlement with electricians that then spread to other trades.

Subsequent negotiations with the plumbers and pipefitters resulted in strike, under local agreements, of seven weeks. Although work continued on PLA projects, it slowed as traveling workers—at the first hint of labor troubles—left the area, making it difficult for the union to staff PLA jobs. Although the owner and employers were able to find sufficient labor, in part by shifting labor from less urgent work, the situation was viewed as burdensome and not in keeping with the commitments made by labor in the PLA.

The interviewees believed PLAs covered too much work in one area. This, in turn, led to greater worker militancy arising from a lowering of the consequences of such militancy. More expensive and more difficult local area settlements resulted.

It should be noted that interviewees mentioned a considerable evolution in labor relations in the area since that problem. The plumbers and pipefitters and Mechanical Contractors Association agreed to use a dispute resolution procedure in place of a strike in future negotiations, and there has been a general mending of relations.

A New England contractors' association representative also noted problems in local labor relations caused by PLAs. His particular complaint was with unions using the grievance/arbitration mechanisms in the PLAs to make gains that might not have been possible at the bargaining table.

An example he gave was of shacks provided to

workers on worksites. A practice had developed in the area of contractors providing such shacks in which workers would take breaks, change clothes, etc. However, the shacks were not guaranteed by the local collective bargaining agreements. When contractors balked at providing a shack on a particular PLA project, a grievance was filed and, an arbitrator determined that the contractors must provide a shack in accordance with established past practice. Our interviewee was convinced that this decision would be used as precedent on future projects.

Since his industry relies on a bipartite employer/union panel, not neutral, third-party arbitration, he feared the imposition of an outside voice on industry practices. The problem would be most pronounced when a majority of work in an area was covered by PLAs.

We've got a lot of nonunion shops that do really good work. I wouldn't be doing the community a service if I excluded the nonunion contractors. Sixty percent of our contractors tend to be union contractors. We don't have any problem with unions; we're happier with their work but not with the price. We have to get through our scope of work with very limited funds."

A Western construction user

The effect of PLAs on bidding and costs

A few respondents indicated that they did believe that PLAs raised the costs of projects, particularly by limiting the number of bidders.

A public sector construction user in Connecticut, though generally happy with his PLA-covered project, noted that only one bid had been received on drywall contract and that the job had to be put out to bid a second time.

Two Western respondents seemed most concerned about the effects of PLAs on bid activity and costs. A public sector user stated:

We've got a lot of nonunion shops that do really good work. I wouldn't be doing the community a service if I excluded the nonunion contractors. Sixty percent of our contractors tend to be union contractors. We don't have any problem with unions; we're happier with their work but not with the price. We have to get through our scope of work with very limited funds.

A traditionally nonunion general contractor in a western state, who had just become a signatory contractor, agreed that PLAs reduce or at least change the number of bidders on a project; although, he was more optimistic about their ultimate effects:

Any conditions or restrictions you place on a

Table 2: Positive and Negative Aspects of PLAs

Positives	Negatives
Ensure a steady flow of highly qualified labor	May interfere with local labor relations
Promote on-time completion	May interfere with established methods of dispute resolution
Enhance safety	May result in fewer bidders under certain circumstances
Aid targeted hiring	
Promote training	
Address a range of project needs	

bid will decrease the number of bidders. If you prequalify your contractors, that will reduce the number of bidders. If you go design-build, that will reduce the number of bidders. If you require a certain [workers compensation] experience modification rate to influence safety on the job, that will reduce the number of bidders on your job. And a PLA will reduce the number of bidders on your job. Anytime you reduce the number of bidders on your job, you will increase the [accepted] bid price. But in the absence of a PLA, prequalification, etc. you increase the possibility that you'll get an irresponsible contractor. That means excessive change orders, litigation as the architect and the contractor fight, scheduling problems, inferior work, and increased construction management costs. PLAs are like insurance. An increased bid price is buying insurance against downstream costs.

When is a PLA appropriate?

Most interviewees agreed that PLAs are not appropriate for all types of work. The regional vice president for construction operations for a large, northeast-based, construction management firm, who often counsels clients in PLA use, said that size and scheduling were the two main factors he urged clients to consider when contemplating a PLA. Moreover, he implied that considering the nature of the work was important. In parts of the Northeast, for example, it is difficult to find nonunion contractors capable of doing certain types of work (e.g. site excavation and iron work). When, on a large project, it is inevitable that much of the basic work would go union, this construction manager advises clients that a PLA makes sense.

Although a PLA would require all contractors to operate in accordance with collective agreements, problems that might arise by having both union and nonunion contractors on a site will be forestalled, and the construction user might, along the way, gain some important concessions. A contractor's association representative also offered that there is "too much conflict on hybrid jobs" to make them worthwhile on large projects where most of the work will go union anyway.

A midwestern respondent offered that PLAs are not a good idea when there are not a sufficient number of union contractors capable of performing the required work in an area. The danger of receiving too few bids under such circumstances is too great.

Although different interviewees suggested different parameters, generally PLAs start to make sense when projects are at least in the five to ten million dollar range. Further factors include the complexity of the work, how tight a schedule the construction user is on and how high the likelihood of essential work going union anyway. According to our interviewees, when such conditions exist, PLAs make sense. Otherwise, the recommend open bidding and construction under area agreements.

Improving PLAs

Now that PLAs have reached a level of maturity and, to an extent, standardization, interviewees did not offer many comments on how PLAs could be improved. But not surprisingly, contractors and contractors' association representatives saw the most room for improvement. The improvements they sought were principally in the ways most PLAs are negotiated. Currently, contractors usually have no formal role in negotiations, which are conducted between the building trades unions and a representative of the construction user, generally a construction manager. As mentioned, the construction manager must be a construction employer under the definitions of the National Labor Relations Act, but most prime and subcontractors, as well as their associations, have no role at the table.

Occasionally, it is clear that the contractors have had input into the process. A Michigan PLA, for example, excluded grievances arising in the electrical and sheet metal industries from the PLA's grievance/arbitration machinery in deference to the bipartite arbitration panels in those industries.

The improvements interviewees sought were principally in the ways most PLAs are negotiated. Currently, contractors usually have no formal role in negotiations, which are conducted between the building trades unions and a representative of the construction user, generally a construction manager.

Where such exclusions do not exist, however, contractors and particularly association representatives are put in a bind. First, their members are clearly bound by the provisions of PLAs. However, since the contractors' associations are not signatory to the PLA, they do not have standing in the grievance/arbitration process and cannot offer full representation to member contractors as a party to the agreement. A further problem is that some PLAs exclude per capita payment to the types of administrative funds that support the involvement of associations in the process.

One possible solution is the development of PLAs through multicraft, multiemployer labor/management associations similar to the National Maintenance Agreements and the IMPACT agreement mentioned above. In fact, in a number of areas, labor/management committees are the main vehicle for developing and promoting PLAs. In such cases, the contractors have a forum to make sure that their concerns are brought into any PLA negotiations.

4. Bidding and Costs

The bidding research compares projects in the East Side Union High School district of San Jose, California with the San Jose Unified School district. The former used a PLA on a series of school construction projects while the latter did not. The research on costs examines 108 school construction projects in New England.

We find that the use of a PLA neither lowers the number of bidders nor increases costs when other important variables are taken into account.

The results show the use of a PLA neither lowers the number of bidders nor increases costs when other important variables are taken into account.

Bidding behavior

The East Side Union High School district in San Jose is responsible for the education of 24,000 high school students. A neighboring district, the San Jose Unified School district, enrolls 32,000 students ranging from kindergarten through high school. In March 2002, voters in both districts approved bond issues for school construction, repair and renovation. The East Side vote allowed the district to borrow up to $300 million. In San Jose, the vote capped borrowing at $429 million. In 2004, the East Side district entered into a PLA with the Santa Clara and San Benito Building and Construction Trades Council. The San Jose district chose to build without a PLA.

The different decisions of the districts with regard to a PLA provided the perfect ingredients for a naturally occurring experiment. We can compare bidding behavior with the East Side district before and after the implementation of the PLA, and we can compare across districts.

There were 21 projects in the East Side district bid under the PLA and 35 projects bid during the same period without a PLA in the San Jose district. Also, there were 12 projects bid prior to the PLA agreement in the East Side district and 96 projects in the San Jose district during the same period. In sum, there were 164 projects, 21 of which were built under a PLA.

The East Side and San Jose districts are adjacent and, therefore, within the same construction market. The time is also the same. However, there are two potentially important differences. The East Side projects were, in dollar value, approximately two to three times larger than the San Jose projects both before and after the use of PLAs. Also, the two districts employ different bidding procedures. The East Side district favors hiring a single prime contractor, who then seeks its own subcontractors, while the San Jose district treats specialty contractors as individual prime contractors.

Statistics indicate that the East Side district received, on average, fewer bidders per bid opening than the San Jose district (approximately 4.5 versus approximately 4.0). This result would be consistent with the findings of those who argue that PLAs reduce the number of bids on a project, except that the result holds for both before and after the implementation of the PLA. In fact, the difference between the two districts decreases after the acceptance of the PLA. Further, there was a drop in the number of bidders across both districts over the

time period. This decrease may be associated with an increase in construction activity in the area at the time. Bureau of the Labor Statistics data for the San Jose-Sunnyvale-Santa Clare area show more employment in construction during 2004 than in 2003. Assuming that this statistic reflects more construction activity, fewer contractors would be willing to bid the projects than if they were experiencing a slack period.

The small difference in the number of bidders both before and after the PLA across districts is likely tied to the differing methods of construction management. The San Jose district favors separate prime contracts on specialty work. Since there are more specialty than general contractors in most construction markets, that fact alone may account for more bidding activity.

One way to find out what the effects of all these possibilities are is to place a number of variables in a multiple regression model.[23] In doing so, the only statistically significant variable that predicts bidding behavior is business cycle. In the period that construction activity increased, the number of bidders per bid opening decreased. Most notably, the results of the study indicate that the presence of a PLA has no statistically significant effect on the number of bidders per bid opening.

Costs

Whether PLAs increase or decrease the number of bidders is probably of little interest to those who ultimately pay for construction projects. What is of keen interest is whether PLAs increase, reduce or have no effect on project costs. In examining 108 school projects in New England, ten of which were built with PLAs, the presence of a PLA does not have a statistically significant effect on the final cost of a project. The research on costs is modeled closely after several studies done by the Beacon Hill Institute (BHI) at Suffolk University in Boston. In 2003 and 2004, BHI produced reports on the effects of PLAs on school construction costs in the Greater Boston area and in Connecticut. Their original study found that PLAs increased construction costs by 17.3% (or $31.74 per square foot) in the Boston area. A subsequent study, which corrected several problems in the first, lowered the estimate to about 12% (or $16.51). In extending the research to Connecticut, the researchers found a PLA premium of $30.00 per square foot.[24]

Similarly, the research includes a model, predicting costs on 108 school projects in New England. Studying schools has several advantages. First, there are more schools than, say, power plant projects in an area, which allows us to have enough observations within a relatively homogenous construction market. Further, while by no means identical, schools are enough alike to provide a basis for meaningful comparison. Finally, there are both public and private schools, which allows us to examine both private and public construction.

Returning to the BHI studies, there were a number of problems with the research. But the main complaint is with the presumption stated in the following paragraph:

> Clearly, other factors also influence the cost of construction—the exact nature of the site, the materials used for flooring and roofing, the outside finish, and the like. As a practical matter, collecting viable information at this level of detail for all 126 projects, would be impossible. Thus, our equation necessarily excludes these unobservable variables. However, this does not undermine our finding of a substantial PLA effect. For the PLA effect shown here to be overstated, it would have to be the case that PLA projects systematically use more expensive materials or add more enhancements and "bells and whistles" than non-PLA projects. Our conversations with builders, town officials and architects suggest that PLA projects are not systematically more upscale.[25]

The BHI researchers dismiss the possibility that PLA projects have more amenities or are more complex than non-PLA projects. Such factors, however, determine why projects are built with PLAs in the first place. To hold otherwise is to ignore prevailing public policy. In many states—particularly in New England—court decisions require public owners to establish the need for a PLA before using one. The size of a project, its complexity and the need for timely completion are all variables that must be considered.

Since the BHI researchers do not believe that PLA projects are "systematically more upscale" they included very few variables in their models that could affect construction costs. Other than whether a PLA had been used, they controlled for little more than the size of the project in square feet, whether a project was new construction or a renovation and, in the Connecticut study, the number of stories and if the project involved an elementary or high school. The methodological problem with such a lean specification is that effects are attributed to the presence of a PLA when they actually result from some unobserved variable or variables.

Finding detailed information for a large number of construction projects is very difficult work. However, we were able to find information—through speaking with architects, construction managers, school department officials, etc.—on thirty variables across the 108 projects in New England.

The descriptive statistics alone tell us that PLA-covered projects are inherently different than non-PLA projects. For example, the average square footage for a PLA school is approximately 157,000 while a non-PLA school is close to 118,000. PLA schools average more than three stories while non-PLA schools average fewer than three. All the PLA projects required prior demolition work, while less than half of the non-PLA schools required such work.

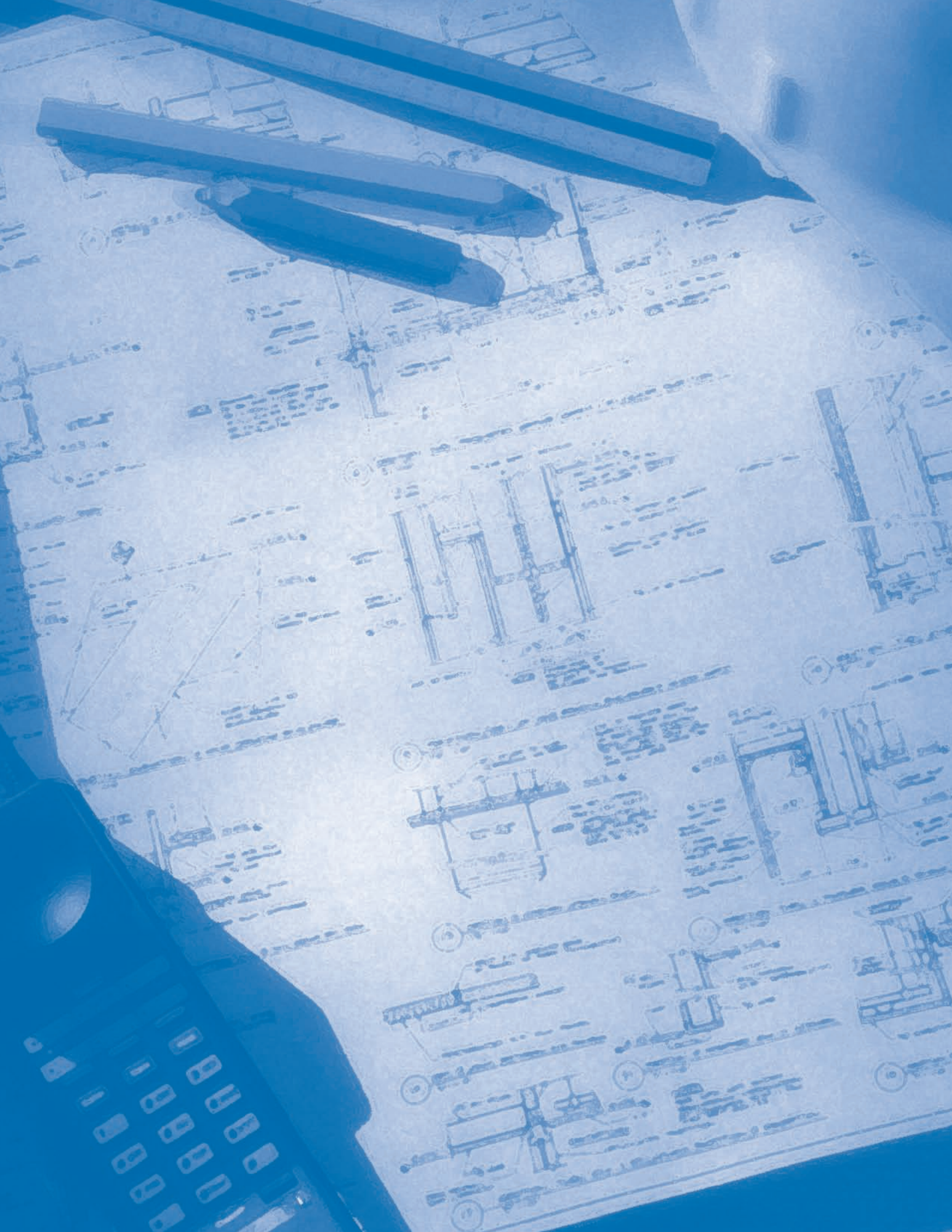
Using the data we assembled, we created a multiple regression model.[26] The dependent variable is the logarithm of the final cost of a project. Using the logarithm of final cost rather than final cost itself allows us to interpret the effects of the independent variables in percentage terms.

When we enter all the variables in a regression equation, we find that significant positive effects are associated with the size of a project (i.e. square footage), whether the building is an elementary school, the construction of an auditorium, cafeteria or kitchen, whether the roof includes both low and steep pitches, and whether the project was located in an urban area. While our model suggests that a PLA adds 7.8% to project costs, the result is not statistically significant. In fact, the PLA variable is so weakly predictive, that the actual effect could range anywhere from -14.4% to 29.9%.

The inherent difficulties in this type of research—identifying the labor relations practices on projects, gathering information on building amenities, materials and aspects of design, etc.—make it unlikely that large samples can ever be used. But small samples, such as the ones by BHI and this one, have a number of problems. Perhaps the main problem is that they can be very sensitive to outlying values. One or two projects that are very different from the majority can skew results. Therefore, results need to be interpreted with caution.

Nonetheless, our conclusion is that the additional costs observed on PLA projects by previous researchers likely have little to do with the PLA itself, but result from the additional amenities or requirements that are inherent in large, complex jobs, which are more likely to be covered by PLAs. We find no strong evidence that PLAs affect final costs either positively or negatively.

To conclude, if PLAs are, in fact, cost neutral, then more attention must be paid for other outcomes that can be achieved with PLAs, such as timely completion, better safety outcomes, training opportunities and industry recruitment. The next chapter investigates some of these issues through case studies of four projects, each of which had distinctive requirements.



5. Case Studies

The following case studies demonstrate how PLAs can be used to address different essential needs. Here, four projects take focus: Route I-15 in Salt Lake City, the Toyota plant in San Antonio, an airport terminal in Rhode Island, and a series of high school projects in San Jose. As we will see, each project was distinctive, with the PLA used in a creative way to address a specific need.

- The Route I-15 project was a critical highway reconstruction needed to support the 2002 Winter Olympics in Salt Lake City. The challenges included getting the project done on time in an area with a very tight labor market. Political concerns over the use of a PLA also had to be addressed.
- Although nonunion at nearly all of its American parts' and assembly plants, Toyota uses PLAs for its construction. This fact, however, proved controversial in San Antonio, where construction is so lightly unionized. Extremely unusual for a private sector PLA, the Toyota San Antonio PLA includes strong accommodations for nonunion contractors and workers.
- In the mid-1990s, the State of Rhode Island replaced the outdated terminal at T.F. Green Airport, which services Providence. A key challenge was completing the project while keeping the airport in full operation. With the help of creative scheduling options in the PLA, the terminal was completed ahead of schedule.
- The East Side Union High School District in San Jose features many specialized vocational academies and programs. With the approval of the $300 million school construction bond issue, the district saw an opportunity for experiential learning and, through a PLA, created the Construction Technology Academy.

Route I-15 in Utah

On Friday, June 16, 1995, Salt Lake City was selected to be the site of the 2002 Winter Olympics.[27] For the games to begin, much had to be done, not the least of which was the complete reconstruction of a seventeen mile freeway bisecting the Salt Lake Valley.[28] Olympic organizers and state officials agonized over the traffic tie-ups associated with a reconstruction project that would rebuild 130 freeway bridges, demolish and rebuild the main freeway interchange in the city connecting I-15 with I-80 and "chop up and replace every cubic inch of asphalt and concrete" for seventeen miles in the heart of the urban Salt Lake area.[29] Worse than a traffic nightmare, many

Worse than a traffic nightmare, many feared not being done in time. The Utah Department of Transportation (UDOT) estimated that the reconstruction of I-15 could not be completed until after the Olympics in 2002 and probably would not be done until 2004. Then-Governor Mike Leavitt later recalled: "I told [Tom Warne, Executive Director of UDOT], 'Tom, we've got to find a way to do this faster. We cannot have this community torn up for nine years.'"

feared not being done in time. The Utah Department of Transportation (UDOT) estimated that the reconstruction of I-15 could not be completed until after the Olympics in 2002 and probably would not be done until 2004.[30] Then Utah Governor Mike Leavitt later said, "I told [Tom Warne, Executive Director of UDOT], 'Tom, we've got to find a way to do this faster. We cannot have this community torn up for nine years.'"[31]

UDOT's solution to this dilemma was to invoke an innovative form of construction—design build—which would hopefully allow the reconstruction project to be completed prior to the 2002 Olympics without completely shutting the I-15 corridor for years. Using design-build meant that construction could begin prior to a complete and detailed design and specification of the overall project. UDOT engineers would provide general guidance, but competing contractors would be free to develop their bids using innovative materials and procedures aimed at speeding construction and reducing costs.[32] At the time, estimates of the cost of the I-15 reconstruction project were at one billion dollars indicating that UDOT thought the design-build approach would save about ten percent on total costs along with cutting construction time by about two years.[33]

Under design-build, construction could be scheduled to begin in early 1997. Contractors would be expected to work around the clock, six or seven days per week. There would be limits on how many lanes could be closed at any given time as well as how many interchanges could be closed.[34] Design-build was particularly cost-effective on large projects but some felt that inevitably out-of-state contractors would be awarded the project. Local contractors were not equipped to handle the scope of work proposed, particularly the engineering required of contractors on a design-build project. However, Warne said that contract language for the I-15 project would stipulate that Utah construction companies would be named as subcontractors.[35]

In September 1996, UDOT prequalified three contractors from a field of ninety that responded to the announcements in March. By September, the project had expanded to include an additional interchange at the north end of the reconstruction project and the relocation of some railroad tracks near the project. The official cost estimate had risen to $1.36 billion due to these additions and other considerations. On March 26, 1997 UDOT announced that Wasatch Constructors (a consortium led by Kiewit Constructors of Omaha and which included several Utah companies) had won the bid.

With design-build, the lowest bidder does not always win the project. UDOT was using a "best-value" approach that combined cost considerations with technical and quality considerations to receive the best bang for the Utah taxpayer's buck.[36] Warne later said that the "I-15 design-build contract was given to the best overall proposal, not the lowest bid."[37] However, Wasatch Constructors had coincidentally come in with the lowest bid.

Wasatch officials indicated they planned to begin immediately. "You have to remember this job isn't even designed yet," said Conway Narby, principal on site for the winning consortium.[38]

With groundbreaking coming within a month of the bid opening and a project-completion deadline of August 2001, this 17 mile reconstruction was a fast-track project. If Wasatch could complete its work on-time and complete it to UDOT's satisfaction, Wasatch stood to win up to $50 million in bonuses. If Wasatch exceeded UDOT's deadline of November 2001, just before the 2002 Winter Olympics, the company risked paying UDOT up to $100 million in fines. Also, Wasatch had to guarantee its work. According to the contract, UDOT could take a default one-year warranty on the project or force Wasatch to cover all road maintenance for ten years for a fee of $27 million. UDOT reasoned that this potential warranty at UDOT's option would focus Wasatch Constructors on qual-

ity as well as speed. In short, Wasatch had won because it had the experience to do what it said it would do including designing on the fly while building on time and within budget.

Ed Mayne, president of the Utah AFL-CIO, was very pleased that Wasatch had won the bid. He felt that Wasatch was the most union-friendly of the three pre-qualified bidders. Indeed, prior to bidding the project, Wasatch had secretly signed a PLA with six local unions agreeing to a uniform set of wages, benefits and work rules that largely corresponded to local union collective bargaining agreements. This agreement was not made public prior to the bid opening because the PLA was part of Wasatch's bidding strategy. Building a fast-track project under design-build, in a tight labor market, with substantial performance awards and penalties in play, involved considerable risks for Wasatch. The PLA was one means of controlling some of those risks—the ones associated with the supply and quality of labor.

Mayne felt the PLA provided another advantage. Just as it was politically wise to require outside general contractors to partner with local subcontractors, it was also politically sensible to encourage local employment on the biggest public project ever financed by Utah tax dollars. Mayne anticipated that the consortium would hire seventy to eighty percent of its workforce locally despite Utah's 3.1% state unemployment rate at the time of the bid award. Narby, the person who signed the PLA for Wasatch, agreed that eighty percent local hire was possible particularly if participating nonunion contractors hired locally.[39] The PLA did not prohibit nonunion contractors, and ten percent of the value of the work was exempt from the provisions of the PLA. But if nonunion contractors from out of state brought in their traveling labor force, the amount of local hiring would go down. Union contractors both in-state and out-of-state were required by the local collective bargaining agreement to give preference to local workers over travelers. However, local labor shortages loomed as a problem for all contractors.

By early 1997 when the project was to begin, the Utah construction industry had been booming for seven years (since 1990). While construction accounted for just under four percent of total Utah state employment in 1990, by 1996 construction accounted for 6.5% of all state civilian, nonagricultural employment. Furthermore, construction employment had been growing in absolute terms at over ten percent per year for each year from 1990 to 1996. While Utah's construction's growth rates peaked in 1994, its share of total state employment would not peak until 1999. I-15 was going to be rebuilt during a period of labor shortages and Wasatch Constructors saw that coming.

The *Salt Lake Tribune* reported at the beginning of the I-15 project that:

> *[Wasatch Constructors] has to find some 1,000 to 1,500 skilled highway construction workers in a state where the unemployment rate is so low that even unskilled jobs in hamburger joints go begging to be filled. "It is hard to say where they are going to find the workers," says Ken Jensen, chief economist for Utah Job Service. "I am not aware of any bunch of workers out there standing in line waiting to climb up on earth movers."*[40]

Estimates of the needed workforce varied. The *Deseret Morning News* estimated 600-1,000 hourly craft workers and 100-150 salaried employees. The *Salt Lake Tribune* estimated 1,000 to 1,500 workers.[41] Several other road construction projects were underway at the time or scheduled to begin, including a light rail project running along the same corridor as I-15. Local highway contractor Richard Clyde, whose firm W.W. Clyde was part of the losing consortium, Salt Lake Constructors, noted that heavy construction workers were already in high demand and stated, "I still do not see where [Wasatch] are going to get all the workers they need without bringing in a lot from out of state."[42]

Having won the contract, Wasatch Constructors announced its PLA with the six key trade unions that were going to complete the project. These unions were the operating engineers (heavy equipment operators), laborers, plasterers-cement finishers, carpenters, iron workers and teamsters (truck drivers). The contract these unions signed with Wasatch was a variant of the heavy-highway construction project agreement used around the country by various highway contractors in conjunction with (typically) these unions—namely the unions that do most of the heavy and highway work. The contract stated in part:

> It is the intent of the parties to set out uniformly standard working conditions for the efficient prosecution of the new construction herein; to establish and maintain harmonious relations between all parties to the Agreement; to secure optimum productivity, and to eliminate strikes, lockouts or delays in the prosecution of the work undertaken by the employer…
>
> The greatest advantage in working with the Unions is the ability of the Employer to acquire an immediate and continuous source of skilled applicants. Within the Unions there exists the capability to activate a recruiting network throughout the United States to ensure a steady flow of skilled applicants to meet project schedules.
>
> The Employer may name hire any individual who has previously worked for the Employer (or any of the individual joint venturers thereof)…[as long as] those hired from "other lists" shall not exceed forty percent of each craft's work force.

This last provision meant that contractors (union or nonunion) could bring onto the project up to forty percent of their own workers (either union or nonunion). In practice, the percentage would likely be smaller because this forty percent limit was applied craft by craft and contractor by contractor. Thus, while one out-of-state nonunion contractor might bring in forty percent outside workers for each craft, an in-state union contractor might name hire few, if any, workers simply taking workers in order from the union hiring hall. Another out-of-state union or nonunion contractor might bring in his skilled crew but take lesser skilled workers from the hall. So the forty percent rule gave contractors flexibility to respond to particular cases but also made it likely that, on average, less than twenty percent of the workers would come from out of state. The unions, in turn, agreed not to discriminate against nonunion workers seeking to be sent out from the hiring hall in this right-to-work state.

> The Unions represent that their local unions administer and control their referrals in a nondiscriminatory manner and in full compliance with Federal, state and local laws and regulations which require equal employment opportunities and non-discrimination.
>
> The Unions agree to engage in active recruitment of minority and female applicants…

The unions also agreed to cooperate jointly with management in enhancing productivity on the job and to forswear any work stoppage:

> The Employer and the Unions recognize the need to continually explore ways and means to increase productivity to enhance the competitive position of the signatory contractors and thereby increase job opportunities for members of the Unions. To this end, signatory contractors and local unions are encouraged to establish Project Productivity Committees to deal with problems affecting job schedules, construction technology, recruitment and similar matters…There shall be a labor-management committee whose purposes are to foster labor-relations communications and to explore ways and means to improve safety, quality and productivity at the jobsite.

> The Parties agree that there is an absolute prohibition against any and all strikes, work stoppages, slowdowns, picketing, sympathy strikes, handbilling or any other forms or types of interference of any kind…There shall be no lockout by the contractor.

An expedited grievance procedure was established for any violation of the no-strike, no-lockout clause. The contract also established uniform work rules, hours, shifts, overtime pay and holidays, including time off for July 24th, a local Utah holiday. Pay scales, including wages and benefits, were set for all craft classifications and these were to be reviewed yearly in July. A section on apprentices stated:

> Recognizing the need to maintain continuing support of programs designed to develop adequate numbers of competent workers in the construction industry, the Employer will employ registered apprentices in the respective Unions. The combined employment of apprentices shall not exceed thirty-three and one-third percent of the individual Union work force…

This meant that the local tax dollars financing the I-15 rebuild would also finance a rebuilding of the skills of the local construction labor force. Finally, subcontractors also were to be covered by this agreement except "the Employer may subcontract up to but not exceeding ten percent cumulative of the final Prime Contract amount to subcontractors…[not] signatory to this agreement or local labor agreements…" Also women and minority subcontractors need not be signatory to the agreement. Thus, the PLA was designed to provide contractors with flexibility permitting contractors to bring in up to forty percent of their own worker while at the same time creating a structure that would likely generate around eighty percent local hiring. The contract required most subcontractors to adhere to its provisions but allowed ten percent of the work to go on outside the requirements of the PLA.

Wastach's Greg Brooks explained part of the rationale for Wasatch signing this agreement: "What we are basically doing is taking Mayne at his word [that he can provide the qualified local labor]. Mayne said, "There is no doubt that we are going to be scrambling, but the seventy to eighty percent [local hire] figure is certainly doable. Each of the major craft unions in the state probably have 100 to 200 apprentices in training as we speak. [Out-of-state skilled workers] are part of the equation. But we are committed that most of these Utah jobs will go to Utah workers."[43] Brooks indicated that Wasatch's policy was: "We'll hire locally and buy our supplies locally. Any time we can't, we'll bring whatever we need in from other sources in the region. If that's not enough, we'll go further out."[44]

Ground broke on the I-15 project on April 15, 1997, but the political ground began to break out from under the PLA almost immediately thereafter. On May 2, under the headline "Does the I-15 Union Deal Violate Utah Law?" the *Deseret Morning News* reported that Republican Governor Mike Leavitt was asking his Democratic Attorney General Jan Graham for a legal opinion on whether the PLA violated Utah's right-to-work law.[45] The *Deseret Morning News* reported:

> Nonunion workers can apply and get Wasatch jobs, and they can do so without dealing with any union. But the reality is most applicants will go through union hall doors to get those jobs, and they will certainly be solicited to join the union in the process. And that is what worries some conservative lawmakers who don't want any Utahns pressured to join a union in order to get an I-15 job.[46]

In actuality, there were several avenues besides union hiring halls for obtaining work on I-15. Anyone who had worked for any contractor working on the project could work for that contractor again by applying to that contractor directly, assuming the forty percent threshold of workers

not coming from hiring halls had not been breached. Nonunion contractors were exempt from the provisions of the contract for ten percent of the work while additional nonunion workers could come with their nonunion contractor under the provisions of the PLA. However, Utah legislators were deeply concerned.

State Transportation Commission chairman, Glen Brown, brother of Utah House speaker, Mel Brown, stated, "We're hearing people saying 'We can't live with [the hiring aspects of the PLA].'" Speaker Brown, himself, stated that if the attorney general's opinion found conflict between the PLA and Utah's right-to-work law, "there is significant support to renegotiate the [labor hiring] part of the contract." But the Deseret News reported that several Republicans worried that the attorney general would side with the unions rather than interpret the right-to-work law as prohibiting the agreement.[47] Senate Majority Leader Craig Peterson indicated that it might be necessary to call a special legislative session to revise state law to prohibit this type of contract. Legislative Attorney Gay Taylor said lawmakers could refine existing law to prohibit unions from having a monopoly in specified situations perhaps forcing Wasatch to renegotiate its contract. Governor Leavitt, stating that "Two heads are better than one," sought legal opinion from lawyers not in the attorney general's office.[48] Senate President Lane Beattie argued:

> *We may not be able to change [the current agreement]. But we can act to make sure this will never happen again. Unions may think they have manipulated the system and made a great step forward. But we are not a union state and won't become one, and they may have just ended up taking a great step backward.*[49]

Wasatch defended itself by restating its belief that the agreement was the best way to ensure the project was completed on time and done well, while focusing hiring on local construction workers. Narby said:

> We work in other right-to-work states like Arizona and Florida under these same kind [of agreements]. Perhaps it was naive of us, but we wanted to ensure enough quality, skilled craftsmen to build this job. And in (other states) working through the unions provided that. Also, we wanted Utahns on this job, and this is a way to do that.[50]

In a clarification of the contract, Wasatch and the six unions agreed that workers could apply directly to Wasatch for employment or to Utah Job Services, the state labor market agency. The state directed UDOT to audit hiring practices specifically monitoring local hiring policies. Furthermore, UDOT would appoint ombudsmen to handle complaints associated with hiring on the I-15 reconstruction.

Senate President Beattie said he was satisfied with this arrangement and would not try to have the legislature called into special session:[51] "You can go through the [union] halls to get a job, but you won't have to. There will be another way," Beattie declared.[52]

At this point, the attorney general's office bowed out of the dispute: "It looks like they've settled all disputes," said Reed Richards, chief deputy attorney general. "If both sides are happy, and my understanding is that they are, then there's no point for us to continue."[53]

With daunting logistical and engineering tasks in front of it and significant economic carrots and sticks at stake, Wasatch Constructors began the demanding task of operating and rebuilding I-15 at the same time, with the design of the project being a work in progress, and with the clock running. Almost immediately labor shortages loomed. "Utah is a tight labor market, no doubt about it," Brooks said. He said, however, that the I-15 project was attractive because it had plenty of work, and it paid union wages to union and non-union workers alike.[54]

Wasatch Project Manager, Bill Murphy, said, "The magnitude [of the project] does get to me sometimes, [but] I-15 will be built, on time and on budget. I have no doubt." Narby, the top Wasatch executive on the I-15 site, said "I know people, and I know what they can do. I only worry about what I cannot control: the weather, for example. Please give me three mild winters."[55] The fact that the PLA required both union and nonunion contractors to pay union wages gave Narby and Wasatch a degree of control over their labor challenges in a tight construction labor market. Scheduling might be pushed back by weather or other factors Wasatch could not control, but the PLA made labor a more reliable and controllable construction input.

Wasatch's PLA labor strategy and UDOT's design-build strategy began to pay off for the contractor and the state within six months of ground breaking. UDOT's first project evaluation covering essentially the first six months of work, April 15 to October 31, 1997, led to the decision to grant Wasatch $2,490,133 of the possible $2,500,000 in bonuses for this stage of the project. The *Deseret Morning News* reported:

> In announcing the award amount Friday morning, UDOT officials had nothing but good things to say about the contractor. And Wasatch officials were obviously pleased that they had earned the bulk of the money they were shooting for.[56]

UDOT inspected the I-15 project on a daily basis, using dozens of UDOT employees and consultants as monitors. Each month, UDOT and Wasatch jointly reviewed the daily inspections and a score was assigned to each category of evaluation. UDOT's Warne said:" This is a lot of money, and because of that, there is a very rigorous process in place [for evaluating Wasatch's work] that we've developed over the last six to eight months. The process was reviewed by a task force established by Governor Leavitt, [Senate President] Lane Beattie and [House Speaker] Mel Brown."[57]

As the reconstruction progressed, Wasatch continued to score well in UDOT's semi-annual evaluations. At the end of the next six month review period, Wasatch received the full $5 million bonus possible for that period. Warne said: "The full award fee for Wasatch during this period is a reflection of what we've been saying all along—that they are ahead of schedule, they are on budget, the quality is good and they have the management system in place to deliver the project…I certainly think that the first couple of periods are the most challenging, while they're getting up and running and putting their organization together. I think this is a good indication they might just win or earn all or most of the award fee [of $50 million for the entire project]."[58]

UDOT, however, was careful to point out that these bonuses were actually Wasatch's possible profit on the project. Essentially, Wasatch won the bid by not including any (or much) profit in their bid price anticipating that by doing the project right they would earn UDOT's bonuses and that would be most, if not all, of their profit.[59]

Wasatch continued to meet UDOT's goals and continued to receive almost all of the potential bonuses available under the contract. In May 2000, the *Salt Lake Tribune* reported:

> Wasatch Constructors continued breezing through its Interstate 15 construction schedule last year and lost only $14,000 of a possible $5 million profit for the six month period ending in October [1999]…The contractor lost money for overlooking incorrectly placed beams that needed to be replaced on a 400 South bridge abutment in Salt Lake City, and for an incident last August when a drainage grate on the road popped loose and caused a multi-car accident. The award means that in its first 2? years on the job, Wasatch took home roughly $22.4 million of a possible $22.5 million [in awards]."[60]

With I-15 very close to completion in April of 2001, ahead of schedule and well ahead of the

Winter 2002 Olympics, John Bourne, UDOT project director said, "We believe we've got very good quality. We'll see some little dings and nicks that will be replaced," but he expected these problems to be resolved by the completion of the project. With seven of the nine award-fee evaluations completed, Wasatch had received from UDOT 99.6% of the possible bonuses from the timely completion and successful inspection of its work.

According to the original contract Wasatch had to guarantee the quality of its work for up to ten years after completion with the state paying $27 million for this insurance.[61] But UDOT had the option of declining the insurance if it thought the quality of the project was sufficiently solid that the anticipated ten-year maintenance costs would be less that $27 million. That was the dilemma UDOT managers faced in the Spring of 2001 as the project came to completion.[62]

In April of 2002, the I-15 reconstruction was declared the top civil engineering achievement of the year by the American Society of Civil Engineers (ASCE). "The I-15 project contributed greatly to Salt Lake City's ability to stage a successful 2002 Winter Olympic Games and will continue to serve the area for years to come," said ASCE President H. Gerald Schwartz, Jr. "The Interstate exemplifies the ideals of innovation, technical excellence and community benefit."

Warne concluded, "We've been out there day in and day out. We've inspected all their work and felt very good about the quality." He predicted that some work would need to be redone, but there were none of the classic signs of poor quality. UDOT therefore decided to decline paying $27 million for 10 years of maintenance guarantees because Warne concluded, "We anticipate spending perhaps half that much on maintenance."[63] Kay Lin Hermansen, Wasatch spokesperson, said, "It's kind of a compliment to us because the [guarantee] provision was put into the contract to protect the state and the people, and we've obviously delivered a very quality project."[64]

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The primary reason I-15 was completed on time was because the project was bid design-build. This allowed the reconstruction to begin prior to the completion of a full set of engineered specification for the work. The greatest threats to the timely completion of the project were factors that could not be brought under the contractor's control. Weather, therefore, was a major concern. Labor supply in tight labor markets was also a concern. But Wasatch brought that factor under control through the implementation of a PLA. This meant that all work on the project whether by Wasatch on any of its many subcontractors would be relatively attractive to workers within a growing and tightening construction labor market. I-15 construction contractors and subcontractors would have their pick of the labor market. It was a labor market version of guaranteeing three mild winters.

Also, the PLA meant that the majority of workers would be local hires so that the benefit of the higher wages would primarily redound to Utah citizens. Given that Utah tax payers were paying for most of the bill for the project, this local hire component had a feeling of fairness about it. Also, there was a certain symmetry with the explicit requirement that the general contractor partner with local construction companies. Significantly, these benefits clearly did not come at additional costs to Utah taxpayers.

The fact remains that Wasatch Constructors was the low bidder on the project. The alternative

two construction consortiums were not intending to use PLAs. They, therefore, may have been intending to pay their workers less than local union rates, and their bids may have reflected that. Wasatch calculated that even though they might have higher hourly wage rates than their competitors, the ability to lure the cream of the crop out of a competitive labor market would facilitate on-time scheduling at a lower (or at least equivalent) cost and with fewer construction defects. Salt Lake Constructors came in only one percent above Wasatch, so it is difficult to claim that the I-15 PLA substantially lowered the project's cost. But the PLA clearly did not raise the cost.

Many studies attempting to assess the effects of PLAs on construction costs compare project costs on two or more different projects. While informative, these studies always must confront the problem of comparing apples to oranges. Very few construction projects are exactly alike. Cost differences might easily be due to something other than whether or not the project has a PLA. But in the case of I-15, we have a true apples-to-apple comparison. Wasatch was going to use a PLA. In fact, prior to bidding on the project, Wasatch had signed a preliminary agreement with the local unions. Salt Lake Constructors and Lake Bonneville Constructors bid on the project without having arranged for a PLA. All three companies were bidding on the same project, and the PLA contractor came in lowest. Wasatch's lower bid may in part have been due to superior engineers, better previous experience or other factors. But implementing a PLA was part of their game plan—namely controlling the supply and quality of labor in order to enhance the contractor's ability to deliver a quality product on time.

Toyota assembly plant in San Antonio

Much of the current controversy over PLAs concerns the public sector. PLA use in the private sector goes largely unnoticed because there are far fewer legal issues and usually less politics than with public projects. For the most part, private construction users can attached whatever stipulation they chose to their projects. However, the fact that so many large private firms, which exist in competitive business environments and are, therefore, very cost conscious, choose to build with PLAs perhaps says something about their benefits.

Toyota is among the leading worldwide automotive manufacturers. During the past forty years, it has moved from being a domestic Japanese firm to a global producer of automobiles and trucks with a substantial presence in North America. In 2004 it produced almost 2.3 million autos and trucks in North America and had a cumulative North American investment of $16.6 billion.

Much of its success has come from its development and implementation of the Toyota manufacturing system.[66] This method, the original lean production model, has become the standard for producing high quality products at low unit costs. Now nearly all successful manufacturers emulate the kanban (pulled production) and kaizen (continuous improvement) methods pioneered at Toyota. The success of the system is reflected in the high consumer satisfaction with Toyota products and a pattern of repeat purchases. The rising demand for Toyota products in North America has lead the company to build four assembly and six parts plants in the United States, Canada and Mexico since 1986. The assembly plants are located in Kentucky, Indiana, Ontario and Texas. The parts plants are in West Virginia, Alabama, British Columbia, Missouri, California and Baja California. There is a joint venture assembly operation between Toyota and General Motors in Fremont, California, the so-called NUMMI (New United Motor Manufacturing, Inc.) plant. With the exception of the NUMMI plant, Toyota production employees are not represented by unions.

Despite the lack of union presence within the firm, all of the Toyota manufacturing facilities in

the United States have been built under PLAs between Toyota, the AFL-CIO's Building and Construction Trades Department and the local unions within whose jurisdictions the projects have taken place. In all, 36 million work hours have been done under the Toyota PLAs. The success of the relationship between Toyota and the building trades unions, and the utility of the PLAs, is reflected in the completion of numerous green field projects and expansions of those projects on time, without interruption and without even a single arbitration decision in the nineteen years in which Toyota has used the agreements.

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A closer look at the dynamics of the Toyota PLA illustrates how it has developed and been adapted to the needs of various projects. We focus on the most recent green field Toyota plant in San Antonio. This plant, which is scheduled to begin yearly production of 150,000 Tundra pickup trucks in 2006, has a projected cost of $800 million and has been the highest valued construction project in Texas for the past two years. The project will require 2,100 construction workers at its peak. The project has six prime contractors and as many as 300 subcontractors. Project management is being provided by a joint venture between Waldbridge-Aldinger, a Detroit firm with considerable experience in the construction of automotive facilities and Bartlett Cocke General Constructors, a San Antonio company.[67]

The San Antonio project presented a number of issues in adapting the PLA to local conditions. First, Texas's right-to-work law is particularly unfavorable to organized labor. The law prohibits both union membership and agency fee payment as a condition of employment, and it also disallows maintenance of membership clauses, which prohibit resignation from a union during the life of a contract. Texas law holds that union members may resign at any time.

A second issue was a requirement to employ a substantial number of individuals from the San Antonio metropolitan area, Bexar County and the surrounding ten counties. Although Toyota's $133 million public subsidy was smaller than that provided for other recent automotive manufacturing plants in the South, a substantial share came from the City of San Antonio and regional bodies. The local subsidies included $15 million for a rail spur to the plant, $27 million for job training and $24 million for site purchase and preparation. In exchange for the subsidies, Toyota agreed to employ local residents on the construction project. As the San Antonio area has relatively low union density in construction—by some estimates 95 percent of construction workers are nonunion—the use of a PLA required balancing the need to use local workers with the use of union labor (not unlike the Utah project described above).[68]

Finally, and also related to the modest union presence in San Antonio, the local construction industry actively lobbied against the PLA. For example, Doug McMurty, the executive vice president of the San Antonio chapter of the Associated General Contractors (AGC), said:

> It's very early and there have been a lot of rumors circulating. But what we're most concerned about is that Toyota will discriminate against nonunion firms. Our concern comes from the fact that 95 percent of the workforce here has chosen to be nonunion. I don't know that Toyota fully understands that yet, and I can't believe it would be their intention to discriminate against 95 percent of the workforce in San Antonio.[69]

The AGC and individual construction firms requested that city and county authorities broker meetings between Toyota and area general contractors to discuss the use of a project agreement. At various times it appeared that Toyota had decided against using a PLA for the project.[70] But despite such rumors, Toyota negotiated a PLA adapted to the conditions in San Antonio, and the agreement was signed on June 18, 2003. Jim Wiseman, vice president of external affairs for Toyota Motor Manufacturing North America stated:

> Toyota has been using this type of agreement on all its U.S. construction projects since the late 1980s. Those projects have been very successful, been completed on time and within budget, and we wanted to do it in Texas.[71]

The Toyota PLA was adapted to the needs of the Texas project with modifications that favored the employment of San Antonio residents by making it easier for nonunion firms to bring their core workers onto the project and by altering the benefits payments language to eliminate the possibility of double obligations.

A major issue for the project was the promotion of local hiring. Under the Toyota PLA, local unions are given 48 hours to refer a qualified resident of the San Antonio area. If they are unsuccessful, a contractor may hire its own local resident, who would then register with the union hiring hall. If the contractor is unsuccessful in locating an area resident within 48 hours, the union could refer any qualified worker without regard to the residency requirements. If the union were unsuccessful in referring a worker within 48 hours, the contractor could hire from any source.

A second issue was providing conditions, which made the project attractive to nonunion contractors. A frequent complaint by nonunion contractors is that they must use the union referral system and cannot bring their own workers to a PLA-covered project. This disrupts their organization and reduces their efficiency. To address this concern, the Toyota PLA specifically allows nonunion employers to use core employees who are San Antonio area residents without referral by a union. Core employees must possess necessary state or federal licenses for their work, have been on the contractor's payroll for sixty of the one hundred working days prior to the contract date for the Toyota project and have the ability to safely perform the basic functions of their trade. Employers are required to provide a Toyota representative satisfactory evidence of qualifications of core employees at the request of the union having jurisdiction over the work. Additional employees used by nonunion employers are hired in accordance with the referral process outlined above. This type of arrangement, sometimes referred to as a drag-along clause, allows nonunion employers to retain their core workforce while protecting the unions' interests in seeing their own members hired.

A further complaint about PLAs by nonunion contractors is that they require double payments of benefits: The nonunion contractors must support their own healthcare and pension plans while, at the same time paying into the union sector's joint funds for work on PLA-covered projects. The Toyota PLA allows nonunion contractors to divert the benefit payments required under the PLA into their own firms' pension, retirement, annuity, health and welfare, vacation or apprenticeship programs. To qualify, the employee for whom deductions are being made must be a core employee and must elect this option. Also, the plan must be a bone fide benefits plan that has been in effect for the preceding twelve months. Finally, the employee contribution must be the actual cost of the benefit, and the employee must have been a participant in the plan at the time of initial employment on the project. To ensure that nonunion employers do not realize a competitive advantage from this arrangement, any difference between the costs of the nonunion employer's plan and the benefit payments under the PLA go to a funds established by

the parties to benefit directly covered workers on whose behalf the benefit is paid. Again, this arrangement addresses the double payment issue while maintaining equality in labor costs between union and nonunion contractors and assuring that the diverted payments benefit the nonunion employees.

Discussions with individuals involved in the Toyota project suggest that, although there was more nonunion participation in the San Antonio project than most Toyota PLAs, participation was generally limited to site and concrete work. This is not surprising as a central purpose of a PLA is to obtain ready access to a skilled union labor force.

Although not intended to address any issues specific to the San Antonio project, the Toyota PLA includes an unusual arrangement with regard to wage increases. The agreement adopts the applicable local wage rates (which is typical for PLAs), but it also allows for negotiated increases so long as rates do not exceed the average percentage increase in journeymen's rates for in the South Central region. This limitation is referred to as the cap.

The cap acts to mitigate any effects of the Toyota project, which is an unusually large project drawing large numbers of workers, on regional wage increases, while allowing for the effects of labor market conditions in a region which is sufficiently large that the Toyota project will have only a modest effect on settlements.

The Toyota PLA is an example of how PLAs can be successfully adapted to specific conditions. As with the other Toyota projects, the San Antonio plant is headed for on-time completion and has gone forward without significant disputes or disruptions. Further, the working out of the alternative arrangements appears to have been accomplished without substantial difficulties, reflecting the long-standing good relationship between Toyota and the Building and Construction Trades Department (BCTD).

T.F. Green Airport terminal

T.F. Green Airport, which serves Providence, Rhode Island, was for many years a very small operation. It is the nation's first state-owned airport, and it opened in 1931. It did not break the two million passengers per year mark until 1990, and it stayed approximately at that level until 1996. However, in 2004, the airport experienced the second busiest year in its history (2001 was the busiest), serving approximately 5.5 million travelers.[72] As the consulting firm of Landrum & Brown noted in a report on the airport, "Since [1996], the airport has become a low fare gateway to southern New England, and offers a congestion-free alternative to [Boston's Logan Airport] for many travelers."[73]

The recent success of T.F. Green is very good news for the State of Rhode Island, which invested $208 million in the construction of a new airport terminal in the early 1990s.

Prior to the construction of what is now called the Governor Bruce G. Sundlun Terminal, the last major renovation of T.F. Green's facilities was in 1981. The small building, which opened in 1960, had only nine gates and one baggage carousel and resembled an old bus terminal more than a modern American airport. Understanding the need to improve the facilities, the state's voters approved a $29 million transportation bond issue in 1988, which called for upgrading the existing terminal building.[74]

However, in 1990, with the state mired in a deep recession, businessman Bruce Sundlun won the governor's office, defeating a Republican incumbent. Sundlun was a WWII pilot who eluded capture after being shot down over Belgium; a businessman who made a fortune in broadcasting (among other ventures), a member of JFK's administration; and socialite with connections to the rich and mighty (he once flew planes with Jordan's King Hussein). He was not one for small projects. After becoming governor, Sundlun managed to circum-

vent both the legislature and the state's voters, and by executive action convert his predecessor's less ambitious renovation proposal into an approximately $200 million total reconstruction project. His plan was to use the earlier approved $29 million as seed money, get the airlines to agree to tripling their rents at the airport and receive most of the balance in federal funds.[75]

The governor's ambitious plan engendered immediate opposition. Residents of the City of Warwick (where the airport is located) and their elected officials opposed the terminal plan, as they do every project that might increase airport traffic. But so did many other legislators, politicians and ordinary citizens. Some of the sniping was purely political, but much of it was motivated by a genuine concern about the state's ability to pay for such a project. After all, this plan was being discussed during one of the deepest economic recessions in recent memory. Consider that the governor's first official act, on the day of his inauguration, was to order the state's credit unions closed to head off a banking collapse; that public employees faced involuntary furloughs because state government could not meet its payroll; and that the transportation department was turning off street lights to save money. In addition, at least one consultant's report found even the more modest plans proposed by Sundlun's predecessor were probably not worth the money at such a small airport.[76] Needless to say, in this environment, an expensive new airport terminal was not an easy sell.

However, by the time the terminal officially opened on the first day of autumn 1996—after Sundlun had lost his bid for a third (two-year) term—all the arguing and acrimony seemed forgotten. As the Providence Journal reported:

> During the [opening] ceremonies, speaker after speaker praised the terminal project and former Governor Bruce Sundlun for envisioning it.
>
> Warwick Mayor [later U.S. Senator] Lincoln Chafee said 'What stands before us is a near-miracle, a government project that came in on time and on budget. For that we congratulate all the many men and women who accomplished this while also maintaining the highest quality workmanship.'[77]

What stands before us is a near miracle, a government project that came in on time and on budget. For that we congratulate all the many men and women who accomplished this while also maintaining the highest quality workmanship.

Mayor (later U.S. Senator) Lincoln Chafee

Unlike the projects in Utah and Texas described above, the PLA at T.F. Green Airport was, in itself, not controversial and received no major press coverage at all. In fact, the only large controversy during the construction phase was a proposal to spend close to $800,000 on what derisively became known as a cloud machine, a terrarium-like art installation that was to have emitted a vapor sending clouds around the terminal's ceiling. The installation had been recommended by a committee in charge of spending the mandated set aside for public art but became fodder for many of the terminal's critics. The idea was scrapped in favor of cheaper and more conventional sculptures and the like.[78]

The lack of debate over the PLA no doubt reflects the reality of construction in Rhode Island, where nearly all large, transportation-related construction is done by union contractors. The agreement was, however, not a typical PLA but had a number of distinctive features.

No doubt, Gilbane Building Company, the construction manager, felt enormous pressure to contain costs. In 1991, Governor Sundlun complained about the price tag of the project, which, at the time, was $135 million. His concern arose from a comparison he made with a similarly styled and recently built terminal at the Rochester, New York

airport. The governor noted that the Rochester project cost $41 million less than the projected costs for T.F. Green. In a memo to his transportation director, the governor wrote:

> *We need to get a very detailed cost breakdown on the T.F. Green project, and I can tell you ahead of time that I am not going to accept a $41 million difference between T.F. Green and the Rochester project. Would we not do much better to go forward on a strictly competitive bid basis? What does it take to review and terminate the construction management contract?*[79]

The Gilbane Building Company is headquartered in Providence, but is one of the larger construction companies in the country. During the past ten years, it has carried out airport projects at O'Hare, Logan and the El Paso International Airport.[80] Over the years, Gilbane has done many jobs in Rhode Island and was awarded the construction management contract for T.F. Green on a no-bid basis by Sundlun's predecessor. Despite the governor's concern, Gilbane's contract was not terminated. By July 1993, the projected cost of the facility had risen to $200 million, but most of the funding puzzle had been put together, including the airlines' agreement—after the creation of an independent airport corporation—to pay increased rents and the Federal Aviation Administration's pledge to cover about half of the project's cost. Gilbane also agreed to take a substantial risk: for an additional $3.8 million fee, it guaranteed the bottom line cost of the project.[81] That fact was, no doubt, on everyone's mind when the PLA was negotiated in the fall of 1993.

The PLA covered construction of the new terminal, demolition of the old terminal, construction of a temporary terminal, improvements to the airfield (particularly taxiways and drainage), the construction of roadways and parking facilities, and the building of a system to capture and isolate ethylene glycol (used in deicing) before it enters the storm drains.

A very unusual aspect of the agreement was a wage and benefit schedule unique to the project. While most PLAs simply state that wages and benefits shall be paid in accordance with Schedule A (i.e. local) agreements, the T.F. Green PLA included its own wage and benefit rates for 21 different occupations from Asbestos Workers to Tile Finishers/Helpers. Where applicable, differentials were provided for building and road work. The length of the wage/benefit agreements varied across trades, from approximately one to four years, with an agreement to reopen negotiations for wages and benefits after dates specified in the PLA. An expedited interest arbitration clause was included to handle impasses that might occur over the negotiations of new wage and benefit rates.

But perhaps the most important provisions of the agreement concerned scheduling and premium pay. As a prominent Rhode Island labor official said:

> *We couldn't get on the airport at certain times. We were able to get on at times that on other jobs...say after 4:30 pm or after normal quitting time…you would be looking at a time-and-a-half situation or maybe a double time situation if it was a weekend. We took that into account knowing that if we were looking for that [premium pay] on that job it would blow the budget there, and you wouldn't end up with any agreement.*

The PLA contained several relatively standard sections on work time and premium pay. One section calls for an eight hour workday, with time and one-half paid for the first two hours of overtime, and double time paid for ten or more hours of work. Double time was also to be paid for Sundays or holidays.

The agreement also allowed Gilbane to schedule "all or part" of the workforce to work second or third shifts. Second shift workers would work seven

hours for eight hours of pay, and third shift workers 6 ? hours for eight hours pay. The agreement also stated that "the parties…recognize that construction work covered by the terms of this Agreement shall be performed in a manner that will cause the least disruption of the continuing operation of the airport, and therefore to achieve that goal a second (2nd) and/or third (3rd) shift may be established without the scheduling of any previous shifts…"

However, the centerpiece of the scheduling provisions was a Flex Time clause, which the parties agreed to with the understanding that the airport needed to maintain "efficient operations…while complying with…noise mitigation requirements, all federal and state requirements, and…[attending to] the needs of the traveling public." The Flex Time arrangements allowed for several possibilities: a staggered work week of seven days on and two days off; four ten hour days; and eight hour days with adjusted start and quit times. The PLA also allowed for "any other mutually agreed upon alternative work schedule."

The project was completed several months ahead of schedule and, in 1997, received an award for construction management from the Associated General Contractors. Simultaneous with the new terminal's opening, Southwest Airlines selected T.F. Green as its access point to the Southeastern New England/Boston market. Southwest is now the airport's leading airline and the main reason for the airport's current success. Certainly, factors other than the PLA—not least a mild winter in 1995—contributed to the early and within-budget delivery of the terminal. But the project remains a source of pride for all those involved in its construction and is frequently cited as an example of the ability of PLAs to accommodate the specific needs of a construction user and produce a favorable outcome on a public project.

East Side Union High School District

In March 2002, voters in San Jose's East Side Union High School District approved a $300 million bond issue to be used for school construction and renovation. Virtually every high school in the district was to undergo comprehensive renovations, and several new facilities—such as adult learning centers, a gymnasium, and even a cable television and radio studio—were to be built at some of the schools. Although some work had already taken place, in 2004, the district entered into a PLA with the Santa Clara and San Benito Counties Building and Construction Trades Council. The district decided on the PLA, in large part, for a rather distinctive reason: it saw it as a mechanism to expand its vocational education programs into both the blue collar and white collar construction occupations. The district has a well-established vocational education program that is part of its overall career services approach to education.

East Side already had up and running several vocational academies and other programs, including the Oracle Internet Academy, an electronics academy, a teaching academy and specialized programs in biotechnology, computer-assisted design and health care. The district viewed a PLA as a means to establish a program in construction occupations.

Hence, the novelty of the East Side PLA and the sweetener that led to its signing was a provision connecting work under the PLA with establishment of a Construction Technology Academy. The Academy would offer pre-apprenticeship training, summer internships, and jobs in both the trades and white collar construction occupations.

An appendix of the PLA contains the essential elements of the plan:

> *The Parties have agreed to create a Construction Technology Academy ("Academy"), funded by the District, to carry out the*

> *training and employment objectives of Appendix B. The overall objectives are to (a) offer opportunities and skills necessary to enter post-secondary study [including construction apprenticeship programs as well as college education] and to pursue lifelong learning within the broader context of the building trades industry; and (b) develop and reinforce academic course content standards in order to maximize career opportunities and technical competency.*

East Side already had up-and-running several vocational academies and other programs, including the Oracle Internet Academy, an electronics academy, a teaching academy, and specialized programs in biotech, computer-assisted design, and health care. The district viewed a PLA as a means to establish a program in construction occupations.

This point (b) recognized that schools would do a better job if the school curricula were tied more closely to industry needs and directions. In construction, unions as well as contractors, pay close attention to technological trends and customer demands. Thus, connecting the school's curricula to the knowledge held by contractors, unions, and joint apprenticeship boards was seen as an effective method of tying industry directions to school curricula in the case of construction.

A sixteen member steering committee was created by the PLA that would oversee the Academy. Membership on the committee included representatives of the joint apprentice training councils, the building trades council and the school district.

One task of the steering committee was to oversee a summer internship program. described in the PLA.

In addition to the foregoing, which bound the school district, the unions and the joint apprenticeship training councils together, the PLA required contractors on East Side's work to provide jobs for graduates of the district's Construction Technology Academy. The PLA's goal was for students to actually obtain jobs as interns, apprentices or in other unskilled positions.

This novel approach to project labor agreements remains experimental. Nonetheless, those involved with East Side's vocational education program are, thus far, very happy with the PLA. One East Side official familiar with the PLA and its internship program stated:

> The PLA says that contractors working on projects will provide thirty internships of five weeks duration every summer. In the first two weeks our students are introduced to construction and rotated through the trades. They also spend five hours a day at the various apprenticeship training facilities with exposure to classroom and benchwork training. Also our students can intern with the contractors with exposure to estimation, engineering and the legal aspects of construction. We have a four year construction and construction engineering program, and the PLA allows us to connect our vocational education to the world of work. It's a perfect fit. We want our contractors working on our schools in the summer when we are out of session and that's just when the students are available for summer internships. This way the district gets double use out of its construction dollars. We have fifteen vocational education programs from aerospace to office clerical. This construction program connected to the PLA is our most exciting effort because it's not just a partnership with an individual or a company. It's a partnership with a whole industry. Our program is considered a pre-apprenticeship program, and its graduates have priority entering into union apprenticeship programs. And it makes sense for the unions too because first of all, a lot of our students are minority students, and the unions are always trying to recruit minorities.

And second of all, our students have exposure to construction. They know what they're getting into. So the unions know these applicants to their apprenticeship programs are serious.

Because the PLA is new and the Construction Technology Academy program takes four years to

PLA language on the East Side district's construction academy

In order to facilitate the goals of the Academy, the [School] District and [Building Trades] Council agree to create a steering committee, which will conduct meetings at least once a month during the district academic year to develop the goals of the Academy; plan for the presentation and content of training lectures to facilitate employable skills in the construction trades; develop a summer schedule for training; organize and develop summer internship positions; assist in planning curriculum scope and sequencing; design co-curricular activities; identify sources for educational and financial support; and otherwise initiate steps to carry out the goals of the Academy. The committee shall consist of sixteen (16) members, of whom five members shall represent the trade JATC's [Joint Apprenticeship Training Councils], three members of the Building Trades Council, six members from the district, including one member who shall be from district management and one member from a community college district. The district management representative shall be the presiding officer of the steering committee. The steering committee shall make recommendations to the district administration. The Academy Steering Committee, in coordination with the district's career services representative, shall develop and implement a plan for annual assessment of the goals and objectives of Appendix B in order to maximize the employability of the summer interns described below.

1) Annual Training Summer Sessions. Annual summer intern training sessions developed by the Academy Steering Committee shall be made available for qualified district students nominated by the district.

a) Purpose of Summer Training Sessions. The purpose of the summer intern training sessions is to teach the interns employable skills in the construction trades. The skill sets to be taught by the District shall, in part, include materials taken from a curriculum known as "SCANS," which identifies and teaches such general employability skills as dependability, responsibility, working with other people, active listening (i.e., receiving and responding to instruction), organizing work tasks and utilizing technology. The other skill sets shall include the proper use of tools of the construction trades in addition to practical application of skills in the construction trades. The sessions shall include classroom and job visit components.

b) Number of Interns. The goal for the summer program of 2003 shall be twenty (20) internships available for students nominated by the district. For the second year of the contract, the goal for internships available shall not exceed thirty (30) per calendar year.

c) Number and Scope of Training Sessions. For the first year, the number of summer training sessions shall not be less than eight (8) in number. The scope of the training sessions, and the presenters, shall be developed by the Academy Steering Committee. For subsequent years, the scope

and presenters of the training sessions shall be as developed by the Academy Steering Committee. All training sessions shall be hosted by the Trade JATC's according to the scope developed by the Academy Steering Committee.

2) Employment of Interns. Beginning July, 2003, the Building Trades Council shall make arrangements for contractors working under the Project Labor Agreement to employ up to twenty (20) interns selected by the Academy Steering Committee. The interns shall be paid no less than $10.00 per hour for on-the-job training but not for periods of time attending the classroom training sessions. The sessions shall occur over a minimum of four and a maximum of five weeks for summer internship positions beginning in July 2004, the Program Manager agrees to endeavor to employ or make arrangements for the employment of up to thirty (30) paid intern positions of students selected by the district for the same time and rate of pay as for July, 2003. Each year thereafter, the goal shall be to employ up to thirty (30) interns at the same rate and for the same duration unless otherwise agreed to by the district and the council. The employment shall be practical and relevant to the apprenticeship requirements for the building trades, with emphasis on at least five major crafts selected by the Academy Steering Committee for each year of the contract. Due to safety, prevailing wage and related issues, the interns shall not be employed directly on the public works projects that are the subject of the Project Labor Agreement and this Appendix B.

3) Intern Program and Priority on California Apprenticeship Council Approved Program Apprenticeship Lists.

a) Establishment of an Intern Program through the Academy and Program Manager. An intern program for construction trades careers shall be developed by the Academy Steering Committee to help facilitate placement into a California approved apprenticeship program upon successful completion of the classroom coursework and the summer intern sessions.

b) Priority on Apprenticeship List. The training and employment program of the interns shall be developed by the Academy Steering Committee such that graduating interns shall possess the skills, training, and educational background to help the graduate achieve priority on the lists of the Building Trades Apprenticeship Programs for those which maintain a list and direct entry for those programs where direct entry is possible. It is recognized that the Apprenticeship Programs operate according to existing Standards approved by the Division of Apprenticeship Standards of the State of California Department of Industrial Relations and the standards set forth in the collective bargaining agreements for each building trade. Therefore, in order to maximize the opportunity that graduates may achieve a priority standing on an apprenticeship list or direct entry to an apprenticeship program, the Academy Steering Committee shall develop a plan for an annual assessment of the goals and objectives set out in this appendix B and in so doing, shall coordinate with the District's Career Services representative. The annual program assessment by the Academy Steering Committee shall follow the completion of each summer internship program.

complete, the success of this program in eventually landing these students in apprenticeships or in white collar occupations with contractors has yet to be tested. The unions cannot guarantee entry into apprenticeship programs. All they can do is help create a solid pre-apprenticeship program that will enhance the student's ability to qualify for these post-high-school apprenticeships.

The language of the PLA also establishes a limit on the number of interns at thirty per summer. This reflects the unions' concern that they not promise more downstream work than will be available. The PLA is silent on the number of interns after the second year of the contract. This reflects a reality of this innovative contract—the parties are feeling their way along a new path, and they are not sure whether the program can grow, will remain steady or will have to shrink over time.

Another possible issue is how evenly students get spread across the different trades involved on East Side projects. If all thirty students decided they were interested in only electrical work, the electricians' apprenticeship program might feel unduly burdened. These sorts of potential problems underscore that using PLAs to create journeys from school to work in construction is a work in progress.

On the other hand, there is considerable evidence that the construction labor force is aging. The baby-boom generation is retiring, and the need to adequately train and replace the existing skilled construction labor force is unusually problematic in this period. A recent report by the Construction Labor Research Council concluded:

> Labor shortages during the boom period of the late 1990's and early 2000's, as well as greater focus on the aging work force in the United States, have increased awareness in the construction industry of the importance of attracting new entrants…The years 2005 through 2015 will require large numbers of new entrants into the construction trades. Annual new entrants of craft workers into the construction industry are estimated to be 185,000 persons. Needs will be almost evenly divided between growth and replacement. Like other industries, construction will be significantly affected by an increasing number of older workers leaving the labor force. Available to replace them will be young workers whose numbers will be little changed throughout the period. As this, too, affects all industries, the construction industry will be challenged in attracting an adequate supply of qualified new entrants.[82]

This view of the future is shared by the Santa Clara Building Trades. In a report prepared for the U.S. Department of Labor by the Silicon Valley Workforce Investment Network and the Santa Clara Building Trades, entitled Extending the Ladder, the unions and local construction users state:

> We have seen the average age of an apprentice in the Trades rise to almost 30 years of age. At the same time, we have seen the average age of a journeyperson rise to almost 40 years of age, and last but most significant is the fact the average retirement age is now closer to 50 than 60. These statistics represent two very significant realities: (1) the construction industry is on the precipice of a crisis in the availability of skilled trades people, and (2) an enormous opportunity for youth wishing to pursue a skilled career currently exists.[83]

This concept paper—pitched to the U.S. Department of Labor in the hope of receiving a federal grant—grew out of the experience of the Santa Clara Building Trades with the East Side PLA and proposed to extend this model to other school districts:

> At the core of this proposal is a partnership led by employers, labor, high school and community college districts, and the Silicon Valley Workforce Investment Network (SVWIN) Board. These parties have come together to pur-

> sue a unique and creative way to address the needs of the construction industry and youth through a partnership that leverages State and local construction bond dollars to place graduating high school seniors and community college students into full-time, high-wage jobs in the Construction Trades.

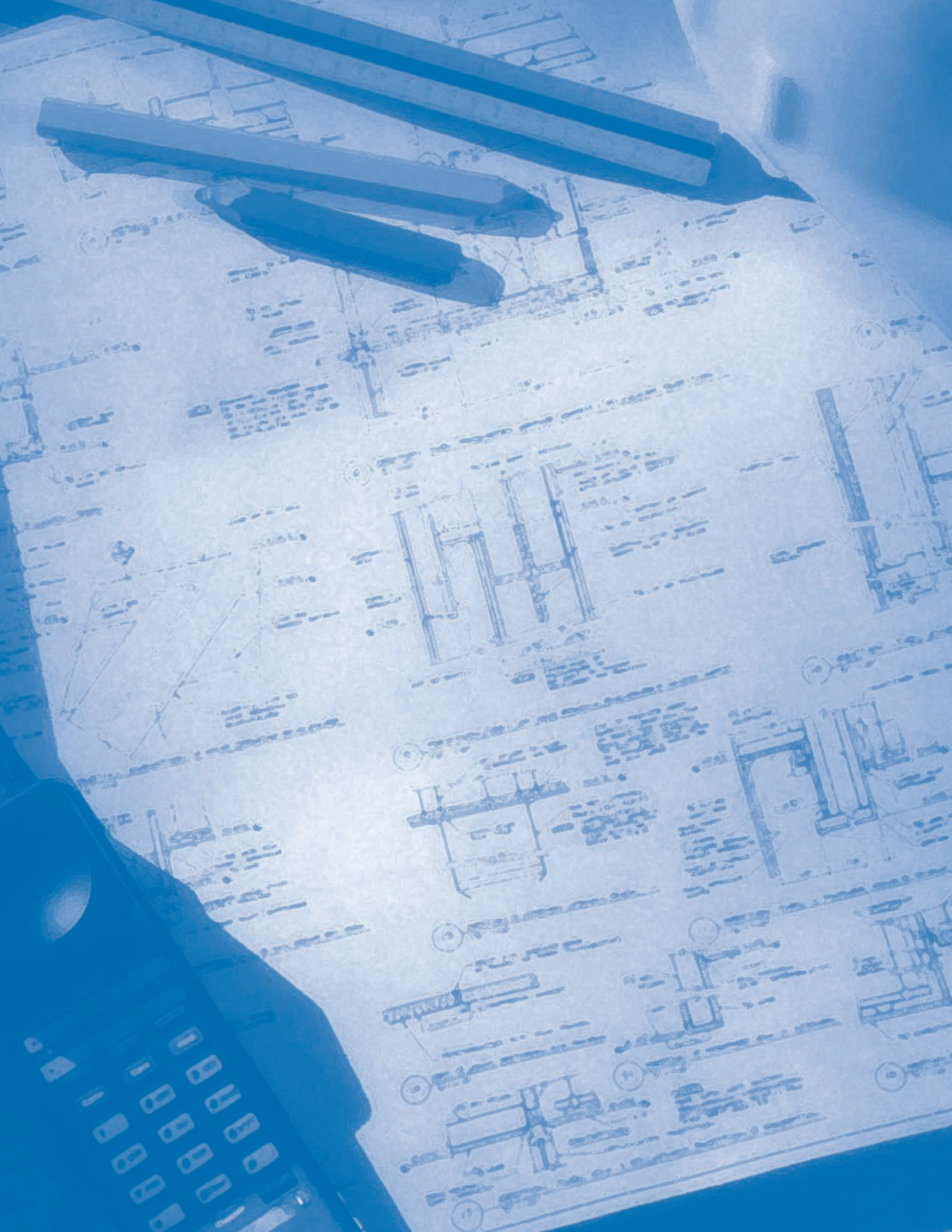
A local union leader involved in the creation of the East Side PLA and the establishment of the East Side Construction Academy explained the key unique provision of the PLA was its requirement for internships combined with language that ensured graduating students would actually get jobs either as apprentices or as material handlers. He argued that the unions were motivated by the need to "get back into the high schools" in order to recruit a qualified pool of younger workers to replace an experienced but aging union work force. The key problem, in his view, was to facilitate effectively the movement of younger workers into the union workforce in the face of apprenticeship admissions regulations that require nondiscrimination and equal and fair access to these programs. He indicated the solution was in the PLA proviso that required participating contractors to provide graduating students with jobs either as apprentices or material handlers. This requirement meant that students would at least transition to non-craft material handling jobs from which their additional experience would give them a leg up on admissions to apprenticeship programs. He stated:

> We all recognized the need to get back into the high schools and the current practice of begging the districts to allow us to talk to students for an hour or hold a career fair was not going to turn the tide. We needed to get back into the schools in an institutional manner.
>
> We realized that previous programs that were providing training/assistance to youth and others in the community to gain them knowledge and experience that would hopefully get them into an apprenticeship were not always successful. In fact some were creating unrealistic expectations on behalf of both the applicants and the programs. Upon graduation/completion there was no job available and they became just another name on the out-of-work list.
>
> We saw the opportunity that this PLA could serve in getting back into the schools in a meaningful way that could also solve the problem created by economic uncertainty we had previously experienced with other programs. By contractually binding, through the PLA, contractors to participate in the academy by requiring them to hire individuals that had graduated from the program, we could overcome the downfall of other programs.
>
> However we knew that we faced some traditional hurdles if we were thinking of circumventing long-established and heavily-regulated apprenticeship placement policies/criteria. So we proceeded to sit down with all the [Joint Apprenticeship Training Councils] to find out what they believed would work to make this happen. With their help, we crafted language that met the needs of the program and yet did not ask JATCs to violate their own selection criteria or placement policies. We achieved this by understanding that most graduates of the academy would do well on the entrance exams and interviews, but some may not score at the very top, which would be needed if they were to seamlessly enter into the apprentice program of their choice. So we worded the agreement to accommodate this by requiring contractors to provide jobs that although not apprentice positions were jobs that the student could easily transition into an apprenticeship with that same employer. It is common, for example, for a material handler which is not an apprenticable occupation, to receive an apprenticeship by virtue of their experience and work history.
>
> The important thing was that we were breaching the obstacle that all other programs could

> not. We were putting people into jobs and not onto lists. And by putting people directly to work in the industry of their choice upon graduation, we have achieved something that to the best of our knowledge has not yet been previously done.

Thus, the East Side PLA is innovative in several ways. First, it is an example of a new form of PLAs, which attempts to find new areas of win-win in construction collective bargaining by bringing a new player to the table—the construction user. Second, it is an effort to solve a union problem—getting back into the high schools in an established, institutionalized fashion in order to better compete with other industries for talented students in the context of the worker replacement difficulties posed by the retirement of the baby boom generation. Third, it is an effort to solve a school district's problem of creating meaningful education for the non-college bound, an education that provides the student with an awareness of possibilities, prepares the student appropriately for the demands of the labor market, gives the student experiences that will qualify the student for advancement and allows the student in this case to test drive a full range of blue and white collar opportunities within an entire industry. This is what the East Side vocational education official meant when saying that the advantage of the Construction Technology Academy was that it created a relationship not with an individual or a company but "a partnership with a whole industry." Finally, by requiring participating contractors to provide employment, through the auspices of the PLA, this particular institutionalization of a journey from school to job seeks to overcome the weakness of previous similar experiments by putting students to work rather than putting them simply on job lists. Certainly, this PLA, like other PLAs, was motivated by traditional concerns for work and the conditions of work on the part of unions and an effective supply of skilled and qualified labor on the part of owners. But in the case of this PLA, these traditional motivations were not paramount. The novel and experimental motivations listed above were the fundamental reasons for the signing of this PLA.

A local union leader involved in the creation of the East Side PLA and the establishment of the East Side Construction Academy explained the key unique provision of the PLA was its requirement for internships combined with language that insured graduating students would actually get jobs either as apprentices or as material handlers.



Principal Findings

- Project Labor Agreements (PLAs) have been used for many years, perhaps as early as World War I. However, the use of PLAs has changed over the years. Once reserved for very large, isolated or specialized projects, today PLAs are used on a wide range of projects.

- PLAs are prehire collective bargaining agreements that cover the terms and conditions of employment on a specified construction project or set of projects. PLAs require that all contractors on a project, whether typically union or not, abide by collectively-bargained terms and conditions of employment, including paying union scale, using union referral systems, etc.

- An essential difference between PLAs and area agreements is that the principal parties in most negotiations are the building trades' unions and representatives of construction users, rather than unions and contractors.

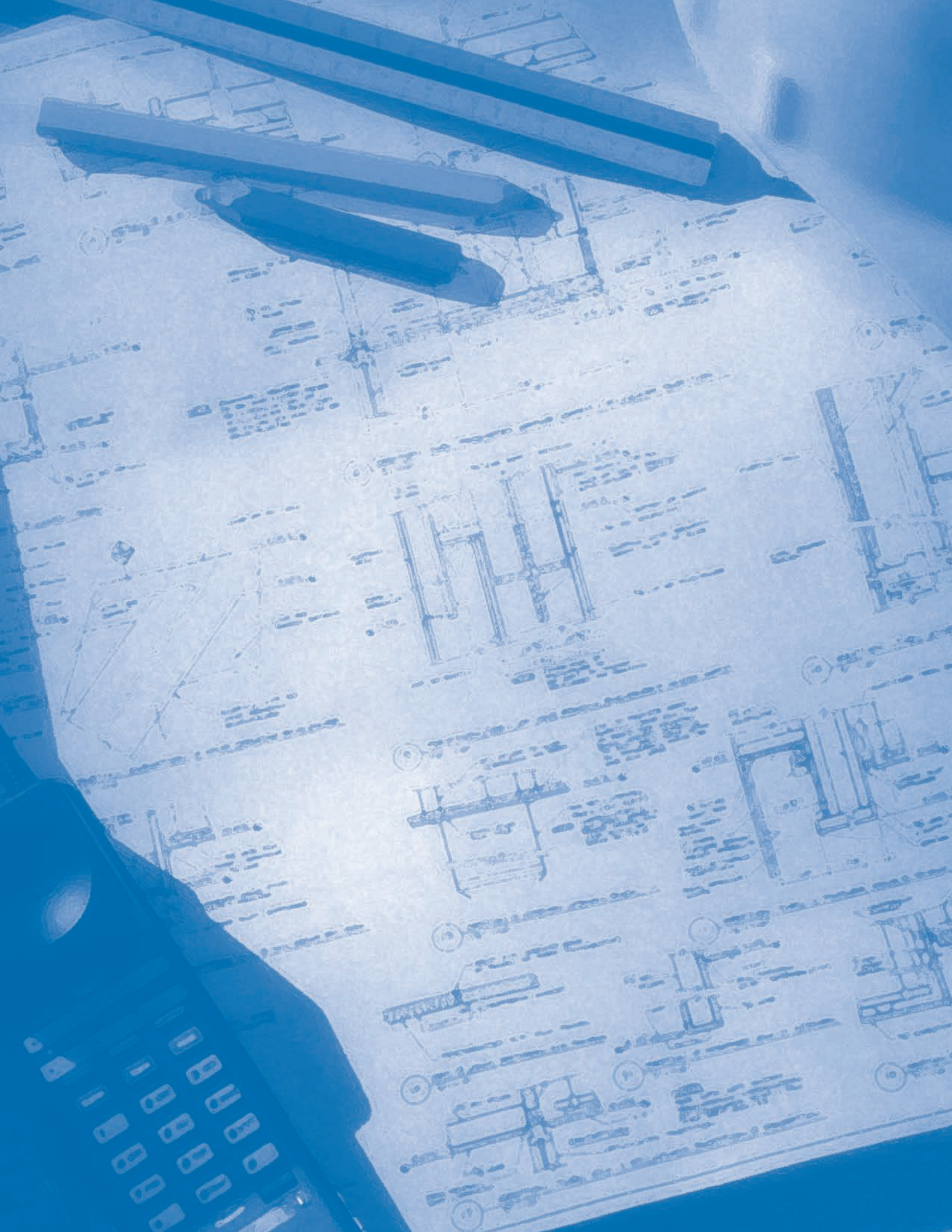
- The use of PLAs on public sector projects has become increasingly controversial over the past 15 years. All levels and branches of government have been brought into the PLA dispute. Court cases during the period have generally been over the issue of whether a PLA violates state or local bidding laws or regulations.

- The controversy over PLAs has spawned a number of studies on the effects of PLAs on the bidding behavior of contractors, construction costs, construction wages and several other issues. However, much of this research is flawed because of inherent difficulties in conducting such research, poor methodology or predetermined conclusions.

- Our research on bidding behavior and costs finds that PLA neither decrease the number of bidders on a project nor increase or decrease a project's cost when other important variables are taken into account. However, previous studies that have found a strong positive effect of PLAs on project cost failed to account for other important variables and, as a result, inflated the presumed impact of a PLA.

- Assuming cost neutrality, other aspects of PLAs should be considered. Interview and case study evidence finds high satisfaction with PLAs by stakeholders and suggests that PLAs can be used to improve scheduling, safety, training and minority employment.

- A problem with PLAs in many areas is a lack of contractor participation in negotiations, which can lead to the needs of a specific industry being ignored. One solution, which is used in a number of jurisdictions, is the development of a model PLA through a standing labor/management committee.



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Project Labor Agreements' Effect on School Construction Costs in Massachusetts

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Abstract

This paper investigates the impact of Project Labor Agreements on school construction cost in Massachusetts. While simple models exhibit a large positive effect of PLAs on construction costs, such effects are absent from more completely-specified models. Further investigation finds sufficient dissimilarity in schools built with and without PLAs that it is difficult to distinguish the cost effects of PLAs from the cost effects of factors that underlie use of PLAs.

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Introduction

Construction-industry Project Labor Agreements (PLAs) are collectively bargained pre-hire labor contracts negotiated between property owners and building trades unions. The essential features of PLAs are that successful bidders – even those operating non-union – must adhere to requirements for union referral, union security, and collectively-bargained compensation. In exchange, unions assure timely access to labor and typically agree to harmonize work scheduling provisions among the trades, forego certain types of premium pay or pay increases, and give up the right to strike for the duration of the project. Building trades unions have increasingly used PLAs to protect and expand their position in construction markets. Open shop contractors and their trade organizations have responded with legal and political challenges to many publicly-funded PLAs such as the Boston Harbor and New York State Thruway projects. The debate over PLAs has focused on project timeliness, quality, safety, training, minority employment, employee benefits and labor peace however the central issue has been their effects on public construction costs. The zigzags in federal policy on PLAs over the last twenty years reflect the intensity of this debate. [1]

The current research investigates the effect of PLAs on the cost of new school construction in Massachusetts between 1996 and 2002. Using models with few explanatory variables, prior research on school construction found that PLAs increased bid price between $12.91 and $25.67 per square foot, or 14 to 17 percent in the Greater Boston area (Bachman, Chisholm, Haughton, and Tuerck, 2003—Henceforth Bachman, et. al.). A concern with leanly-specified models is that the PLA variable may proxy omitted characteristics that also influence construction costs. To correct for this, the current authors collected unique data on new school construction in Massachusetts. Using these detailed data, we develop a more complete model of school construction costs incorporating information on features such as swimming pools, mechanical systems, non-classroom space and athletic facilities that architects and engineers use to estimate project costs. Our initial estimates suggest that (1) much of the PLA effect is attributable to the higher costs of building within the city of Boston and (2) although PLAs are associated with substantially higher costs in leanly specified models, there is not a statistically significant relationship between the PLAs and construction costs in more complete models.

While more completely- specified models are preferred in establishing the *ceteris paribus* effect of PLAs, our research finds substantial multi-collinearity between the PLA variable and measures of school characteristics in the more complete models. This is a product of the relationship between project complexity and the decisions to use a PLA; more complex and expensive projects are more likely to use PLAs. In combination with the relatively small

number of observations in construction data sets, this precludes accurate estimation of cost effects of PLAs in an adequately specified model. In essence, using extant data it is not possible to estimate the effect of PLAs *holding all else equal.*

Background and Research on PLAs

Although nascent PLAs date to World War I, PLAs came into widespread use following World War II on atomic energy, defense and space projects (McCartin,1997; Dunlop, 2002). These agreements banned work stoppages and provided uniform premium pay, shift, and holiday provisions across trades. Project owners and contractors operating in the densely-organized industrial and heavy construction sector favored PLAs as they banned contract and jurisdictional strikes and often provided more favorable terms than local agreements (Belman, Bodah and Philips, 2007). This began to change with the increasing capacity of the open-shop sector in the 1970s and 1980s (Allen, 1988; Linder, 1999). Non-union contractors viewed PLAs requirements as an impediment to competing for work. Working through the Associated Builders and Contractors, the open-shop sector has mounted legal, political and media challenges to public sector PLAs. The legal strategy foundered when U.S. Supreme Court allowed public bodies to sign PLAs in their role as construction owners in its *Boston Harbor* decision (1993). Parallel decisions by in New York and Massachusetts courts have upheld the right of public bodies to use PLAs where they can be shown to provide advantages.

Conflict over PLAs has then moved into the political arena of administrative and legislative bodies. There, public debate has centered on the effect of PLAs on construction costs. Opponents of PLAs argue that the requirement to follow union employment practices raises costs by compelling open shop contractors to pay higher wages and benefits and adopt inefficient labor practices. PLAs are also theorized to raise bid costs by reducing the number of competitors bidding on projects when open shop firms decide not to compete for work. Proponents argue that PLAs improve projects timeliness and reduce costs by providing access to skilled labor on a timely basis, by improving labor productivity by harmonizing hours of work across trades, providing favorable overtime rates, replacing strikes with dispute resolution procedures, and sometimes providing wage concessions. These are theorized to reduce costs by shortening time to completion, avoiding delays and reducing labor input. The effects are especially important on time-sensitive projects such as airports, hospitals and manufacturing facilities. Timely completion allows projects to begin earning revenues sooner and avoid logistical problems such those that occur when schools are not completed on time.

The Current Research

The current research is not, in construction parlance, a greenfield project. Prior research found PLAs raised school construction costs by 14 to 17 percent in the Greater Boston area (Bachman et. al.). These results were obtained from leanly-specified models: the favored specification included only a PLA indicator, a measure of project size and whether the project was new construction or a renovation.[2] The current research extends this work by measuring the cost impact of PLAs within a more complete model of school construction costs, enlarging the area under study from Greater Boston to all of Massachusetts, limiting the sample to new construction, using final cost rather than bid price, and investigating the relationship between project complexities, use of PLAs and cost measures. In developing a more complete model of school construction costs, we explore the claim made by Bachman et. al. that PLA and nonPLA schools are similar and little is to be gained from extensive control for the characteristics of construction.

The principle source of data for project based-construction research has been the F. W. Dodge Construction Reports. Dodge Reports include virtually every project with a bid price of over one million dollars, with several reports issued during the course of a construction project. All provide the project name, location, type, size, owner, architect and, after the contract award, the general contractor. Depending on when a report is issued, successive reports will also provide an architect's estimate of project costs, the low bid or the final offered cost. While the Dodge Reports have long been used by contractors, they can be inadequate for construction research. The specification information is non-uniform and incomplete. Dodge Reports do not include the final cost of the project when completed or information on how the project changed after the final cost offer. The cost measures available from Dodge are then noisy proxies of completed cost – the true measure of concern to the public.[3]

Given these deficiencies in Dodge construction information, we identified factors believed to affect school construction costs from estimating guides and discussions with construction professionals.[4] The basic unit of a school is the classroom, which occupies the majority of school space and accounts for the bulk of school costs. In addition to classrooms, cost is affected by other types of spaces -- including offices, libraries, cooking and dining areas and athletic facilities. Gymnasiums and auditoriums are more costly than classrooms, and exterior appurtenances such as playing fields add to the bottom line. Site preparation, such as demolition and abatement, also increase project costs, as does extensive grading and foundation work. Mechanical systems typically comprise about 15-20 percent of project costs, and systems, such as boilers for heating and water-fed coolers for air conditioning, are more expensive than others. The number of floors in a building has an impact on cost, as does the quality of the construction materials selected. Finally, the educational level of the school is an important

determinant of cost as high and middle schools include expensive amenities, such as science and computer laboratories, as well as more elaborate library facilities and auditoriums.

Given our focus on final cost, we used Dodge reports to identify completed projects from the Dodge List of 2001-2002 starts as well as projects included in prior research. Our study was limited to new construction and projects with both new and renovation where the costs of renovations could be separated from the cost of new construction. We contacted architects, contractors and school officials and, using a consistent list of potential school characteristics, surveyed these parties about project features including the final cost, type of school, type of contract, number of stories, roof pitch, particulars of each project (library, science labs, athletic fields, etc.), site grading, type of mechanical system(s) installed, materials used, and bidding process and process and whether there was a liquidated damage clause in the school construction contract. [5] Our survey obtained information on 70 of the 75 new schools in Massachusetts for which construction was completed by fall 2003.[6] Information regarding the presence of Project Labor Agreements was obtained from the Massachusetts Building Trades Council.

Characteristics of PLA and nonPLA Schools

Of the 70 schools in our sample, nine, or 12.9 percent, were built under a PLA (Table 1). PLA schools were larger than nonPLA schools, 172,000 feet against 118,000 square feet; taller, 3.3 against 2.6 stories; more likely to have vocational classrooms, 77.8 vs. 24.6 percent, and more likely to have science classrooms, 100 vs. 65.6 percent. Every PLA project involved demolition work against only half of the nonPLA schools. All nine schools built under a PLA installed chillers against 45.9 percent of the nonPLA schools. However, nonPLA schools were more likely to have tennis courts, 16.4 vs. 0.0 percent. PLA schools also had higher total final costs, $26.8 million against $17.4 million, and cost per square foot, $164.91 against $147.86. Given these differences, distinguishing the effect of differences in characteristics from the cost effects of a PLA *per se* is central to this research.

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Table 1 about here
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Estimation Strategy and Results

We begin by comparing estimates of PLA effects from leanly and more fully-specified models using both linear and log cost models. The second section investigates the sensitivity of estimates to controls for construction in the city of Boston as well as difficulties, related to multi-collinearity and over-determination, in distinguishing the effect of PLAs on school costs from the effects on cost-affecting factors that also affect the adoption of PLAs. Finally, we compare the current research with that of Bachman et. al .

Final Cost Models

We estimate our final cost models with two dependent variables: final cost per square foot and log of total cost. Cost per square foot is widely used in construction research but requires costs be proportional to project size. Although appropriate for characteristics such as classrooms, other features, such as athletic fields and demolition, may not be proportional. As such, log total cost models estimate the percent increase in total cost associated with a feature.

Cost per square foot models

Our initial specification is similar to prior work with cost per square foot determined by area in square feet, area squared and an indicator that takes a value of one when a school is built under a PLA (Table 2, Model 1). Project size has a negative convex relationship to cost per square foot. Larger projects cost less per square foot but the decline attenuates as project size increases. PLAs are estimated to increase construction costs by $28.57 per square foot; the null of no PLA effect is rejected in better than a five-percent, one-tailed test. This model accounts for 24 percent of the variation in school costs.

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Table 2 & 3 about here
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Model 2 adds five characteristics that our interviews suggested should have a large effect on school costs: the number of stories, whether the school was an elementary school, a private school, had a basement, or involved demolition work. Elementary schools cost $25.85 less per square foot, the coefficient is significant in any conventional test. Basements add $13.46 per square foot to school cost, the coefficient is significant in a 10 percent one-tailed test. The private school, story and demolition coefficients are correctly signed but are not individually statistically significant. r^2 increases, from 24.1 percent in Model 1 to 35.1 percent in Model 2. An F-test for the significance of the additional variables rejects the null of all of the coefficients being zero in better than a 1 percent test. [7] With the addition of these variables, the effect of PLAs declines to $24.10 per square foot and is only significant in a one-tailed, 10-percent test.

Model 3 provides a more comprehensive model of school costs with the addition of school and project characteristics. With few exceptions, coefficients are correctly signed and are of moderate magnitude. For example, swimming pools, a particularly expensive amenity, are estimated to add $33.01 per square foot while auditoriums add $14.80 per square foot. Many variables are not statistically significant of themselves, but r^2 rises to 62.9

percent; an F-test that the coefficients on the additional variables are all equal to zero rejects the null in better than a 1 percent test. The PLA coefficient is smaller in Model 2 and is no longer significant in conventional tests.

Models 4 and 5 add a control for construction in the Boston school district to Models 2 and 3, respectively. Four schools were built in the Boston School District during the period under study; three were public schools built under PLAs, one was a private school. Urban construction is typically more expensive than construction in suburban or rural areas because of the difficulties of working in urban areas. For example, marshalling yards have to be established away from the construction site. Renting yards is costly in itself, moving materials and equipment from yards to the construction site also consumes time and resources. In addition, the more rigorous building standards of central cities also increase costs, as does the need to guard against theft and damage.[8]

Our estimates suggest that construction in Boston adds between $34.11 (Model 4, Table 2) and $39.65 (Model 5, Table 2) to the square foot cost of a school, the null is rejected in a 5 percent test in Model 4 and a 1 percent test in Model 5. Addition of the Boston variable improves the fit of the model; r^2 increases to 38.8 percent in Model 5 and 65.12 percent in Model 6. The Boston variable causes a marked decline in the PLA coefficient, from $23 - $24 per square foot in Models 2 and 3 to $13.80 - $13.90 in Models 4 and 5, the PLA coefficient is not significant in conventional tests. These results suggest that the PLA coefficient was proxying for effect of construction in Boston in the leaner models.

Log total cost models:

Estimates from the log total cost models, Table 3, parallel those in the cost per square foot models, but the effect of PLAs is statistically weaker in all but the first specification. Results are consistent with the form of the model: total cost is convex in project size; there are economies of size in construction. An additional thousand square feet is estimated to increase school costs by 1.39 percent for a 50,000 square foot school, by 1.26 percent for a 100,000 square foot school and by 1.1 percent for a 150,000 square foot school. Given the parallelism between the models, we focus discussion on the PLA measures.

In Model 1, which controls only for the size of the construction project, PLAs are estimated to increase the cost of construction by 16.6 percent, the coefficient is significant in better than a five-percent, one-tailed test. Addition of controls for the type of school, ownership and features including story, basement and demolition (Model 2) reduces the magnitude of the PLA effect to 12.5 percent, it is no longer significant in even a ten percent one-tailed test. The PLA coefficient to decline to 9.7 percent in Model 3, the null hypothesis that PLAs do not affect school construction costs is not close to rejection in conventional tests. [9] Models 4 and 5 add the Boston variable to

Models 2 and 3, respectively. The Model 4 coefficient on PLA is 6.4 percent; the Model 5 coefficient is 3.3 percent. Neither is close to statistical significance. In both of these models, schools in Boston are estimated to have a large positive effect on school construction costs.

In summary, the large effects associated with PLAs in the leanly specified Model 1 are a consequence of omitted variable bias. Consistent with this explanation, the size, and particularly the statistical significance of the PLA variable declines in both sets of estimates as we move toward a specification that is more in keeping with that suggested by architects and engineers. There is however evidence of both multi-collinearity and over determination in the more complete models. Despite the higher r^2 and the results of the F-tests, many of the variables in Models 2 – 5 are not individually statistically significant. The decline in the PLA coefficient in the cost per square foot model is smaller than the increase in the standard error of the coefficient. Given the relatively small sample, there is reason to be concerned that over controlling for characteristics, and the consequent increase in standard errors, is the cause of the decline in the impact of the PLA variable.

Issues with Estimates

The prior estimates bring out two distinct issues: the effect of controlling for construction in the city of Boston and over determination. With respect to the Boston variable, we need to determine whether its apparent impact on the PLA coefficient is due to attributing special properties to one-third of our sample of PLAs. With respect to the issue of over-determination, we face a trade-off between sufficient specification and reducing the degrees of freedom for standard errors and statistical significance (Johnston, pages 259-264).

Control for Construction in Boston

While central city construction is more expensive than other construction, Boston construction costs may be particularly high as projects may require pilings, much of Boston is built on fill, and requires 24 hour security. Boston Public Schools are also more expensive than their suburban counterparts as they are permanent buildings.[10] The small data set and the complexity of the interaction between public schools, PLAs and construction in Boston make separating the effects of PLAs from those of construction in Boston challenging. Three of the nine PLAs in our data are Boston schools. The only nonPLA school built in Boston was one of three private schools in our sample. To better distinguish the effects of location and PLA, we estimate two additional versions of the models that include Boston variables: one with a Boston Public School variable but without the Boston variable and one with both a Boston Public School and Boston variable. We estimate these models for the Models 1, 2 and 3 specifications of the cost per square foot and log total cost for models that (Table 4). Although these models will

not be able to distinguish a Boston Public School and Boston School PLA effect, it will measure PLA effects outside Boston.

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Table 4 about here
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Considering the models with just the Boston Public School variable, the PLA coefficient in Models 1', 2' and 3' is about half the size of the estimate obtained in models reported in Tables 2 and 3 and is never statistically significant. The decline in significance is not the result of an increase in the standard error of PLA. The PLA coefficient is estimated with greater precision, a smaller standard error, in models including the Boston Public School variable, but the decline in the standard error is smaller than the decline in the PLA coefficient. Estimates of the PLA effect in models with both the Boston and Boston Public School variable -- the lower half of Table 4 -- are qualitatively similar to models with just the Boston Public School variable. In all models the cost of Boston Public School construction is substantially higher than other schools. In sum, these models indicate that PLAs do not affect school costs outside of the Boston area, but it is not possible to distinguish between the Boston public school cost effect and any effect that PLAs have on the cost of Boston public schools.

Sorting Out Multicollinearity and Over-Determination

There is evidence of multi-collinearity and over-determination in our more complete specifications. Although the R-squares for the models are reasonable, and F-tests consistently reject the null that additional coefficients are zero, many coefficients are not significant in t-tests and some effects seem large. The variance inflation factor for PLA for Models 2 and 3 were 1.73 and 3.19 respectively, suggesting multi-collinearity between the PLA and other variables. Further, the loss of degrees of freedom in models with large numbers of explanatory variables may inflate standard errors (Johnson, 1984, 259-264). The concern is then that the decline in the significance of the PLA coefficient in more complete models is driven more by collinearity and the reduced degrees of freedom in a regression with a modest sized data set than by the elimination of omitted variable bias.

Although even our most complete model would be viewed as inadequate by a contractor bidding on a school project, the statistical issue differs from such concerns. Our goal is to determine whether a more completely-specified model improves our PLA estimates. As our direct approach, adding a reasonable set of variables, has proven problematic, we attempt to explore the data by defining a set of PLA and nonPLA schools that are sufficiently similar that we can compare their costs with few controls.[11] This is implemented using a two-stage propensity score methodology. We first estimate a discrete dependent variable model of the factors determining the use of a PLA on school projects. This model generates the predicted probability, ɘ(Z), that the school will be built

with a PLA and this is used to weight the second stage cost regression.[12] Schools that are almost certain to use or not use a PLA have propensity weights of 1, weights for schools for which there is less certainty about using a PLA are larger. In essence, schools that are strongly dissimilar in their likelihood of using a PLA, are given less importance than those that, but for the PLA, are reasonably similar. The latter schools form the "region of common support" (Morgan and Harding 2006).

The first-stage was estimated with a logistic model. An issue in estimating discrete choice models on small data sets is that explanatory variables may predict success or failure perfectly, and the perfectly-predicted observations, are removed from the estimate. For example, as only nonPLA schools were built without demolition, the demolition variable predicted not having a PLA perfectly for 31 schools and these observations were eliminated. We initially used the very complete set of explanatory variables for our estimates but, because so many variables were perfect predictors, this specification eliminated all observations. Shorter specifications were also tried with a similar outcome. Finally, we used our prior logistic models to remove variables that were perfect predictors from the logistic model and were able to estimate a model which retained all observations.[13] Even in this greatly simplified model, 62 of the 70 observations were predicted perfectly, having probabilities of 0 (nonPLA) or 1 (PLA). Of the eight remaining, only one PLA school had a probability lower than that of some nonPLA schools. PLA and nonPLA schools are then strongly dissimilar and there is no region of common support.

Although this approach did not obtain a set of weights useful for second-stage estimates, it provided insights into the limits of the regression models. PLA and nonPLA schools have different and largely non-comparable characteristics. As the characteristics of PLA and non-PLA schools tend to cluster, there is inherent multi-collinearity and, at least in small data sets, regression analysis cannot distinguish the PLA effect on costs from the effect of characteristics that affect both whether a PLA is used for a school and school costs. It is not possible to make a PLA/nonPLA comparison *other things equal without expanding the size and variability of the data.*[14]

Our results are consistent however with emerging legal doctrine on the use of PLAs. The New York Court of Appeals and the Rhode Island Supreme Court have required that there be an adequate reason to apply a PLA to a project and that sufficient analysis be done to determine whether a PLA advances the purposes of the state's competitive bidding statute. Our finding that PLA projects are fundamentally different from nonPLA projects is consistent with this requirement countering the view that PLAs are used principally to exclude competitors.

Comparison to Prior Research

How do our results compare to that of Bachman et. al ? Bachman considers the effect of PLAs on the bid price for school construction for 126 schools built in the Boston area between 1995 and 2001 allowing for the effects of project size, the number of stories, and whether the project was new construction or a renovation. The study was limited to schools with a construction price of at least $5 million and between 40,000 and 400,000 square feet. Seventeen percent of the 126 construction projects were bid with PLAs.[15] Regressing Dodge cost per square foot against area, whether the project was new construction, and whether the school was built under a PLA, PLAs were estimated to increase the cost of school projects by $18.83 per square foot (Table 5). This estimate suggests that the typical PLA project of 132,000 square feet would cost $2.6 million, 14.0 percent, more than had it been built without a PLA. Models limited to the 85 new schools in the sample find PLAs increase the cost of construction by $14.90 per square foot (Table 5, column 2).

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Table 5 about here
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How do our estimates compare with these? The PLA coefficient in the most comparable model in our research, Model 1 in Table 2, is $28.77, twice that of Bachman et. al. However, our dependent variable is final cost, not bid cost. Substituting costs from the Dodge reports for final cost for the 61 schools for which we have this data, we find PLAs increase cost per square foot by $16.77, similar to the Bachman's et al. new school estimates.[16] These results provide reasonable assurance that the differences between our work and that of Bachman et. al. is not driven by differences in samples or estimation techniques; our finding on the conflation of PLA effects with those of school characteristics associated with the use of PLAs in lean specification extends to prior research.

Conclusion

The effect of PLAs on the performance of school construction has become increasingly controversial. Prior work has found that PLAs substantially increase the cost of school construction. The current research extends this earlier work by examining the effect of more complete specifications and considers the interaction between school characteristics, adoption of PLAs and distinguishing the cost of characteristics from the cost of PLAs. Our estimates suggest that, although lean specifications find that PLAs raise the cost of school construction, this does not characterize more complete specifications that better fit the data. However, the more complete specifications suffer from multi-collinearity and over determination. Detailed analysis of the data suggests that the measured PLA effect is due to three public schools in Boston and that PLAs do not affect school costs outside of the Boston School district. Further, propensity analysis suggests it is not possible to disentangle the effect of PLAs on school costs

from the effects of school characteristics that underlay the decision to adopt a PLA. While it should be possible to disentangle these cost effects with a substantially larger data set, assembling such a data set would be challenging.

This study does not provide a certain answer to the question "why PLAs'? Belman, Bodah and Philips (2007) suggest that PLAs are often used where there are hard deadlines for the completion of projects, where the success of a construction project depends on timely access to qualified labor, and where delay has large costs.[17] It may then be that PLAs are neutral on direct construction costs, but are advantageous to owners for whom timeliness is paramount.

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Table 1. Variable names, definitions, and means by PLA status, Massachusetts						
Variable	*Description*	*Min.*	*Max.*	*Mean All*	*Mean w/PLA*	*Mean non- PLA*
PLA	Project built under a PLA	0	1	0.129	1	0
Dodge Total Cost	Total cost, Dodge Reports	$2.6 mil.	$42.0 mil.	$17.5 mil.	$24.4 mil.	$16.5 mil.
Dodge Area (sq. ft.)	Square foot area from Dodge Reports	20,000	284,000	125,337	172,093	117,955
Dodge Cost Per Square Foot	dodgetotalcost / dodgeareaft2	$82.76	$1,099.54	$155.34	$141.67	$157.40
Adjusted Total Cost	Survey total cost, 2002 prices by ENR Cost Index	$2.9 mil.	$47.0 mil.	$18.6 mil.	$26.8 mil.	$17.4 mil.
Area (sq ft)	Survey square foot of the project	23,000	284,000	127,109	162,724	121,855
Cost/Square Foot, Adjusted 2002	totalcostadjusted2002 / areaft2	$96.68	$293.15	$150.05	$164.91	$147.86
Elementary	Elementary school	0	1	0.486	0.444	0.491
Other	Other type of school	0	1	0.171	0.333	0.148
Private	Private school dummy	0	1	0.043	0.000	0.049
Story	Number of stories	1	4	2.686	3.333	2.590
Basement	Basement in school	0	1	0.071	0.111	0.066
Demolition	Demolition performed	0	1	0.557	1.000	0.492
Boiler	Boiler installed	0	1	0.971	1.000	0.967
Chiller	Chiller installed	0	1	0.529	1.000	0.459
Central Air	Central air installed	0	1	0.386	0.222	0.410
Unit Ventilators	Unit ventilators installed	0	1	0.629	0.667	0.623
Ground Coupled Heat Pump	Ground coupled heat pump installed	0	1	0.043	0.000	0.049
Unitary Package	Unitary Package installed	0	1	0.214	0.333	0.197
Steep	Roof pitch – steep	0	1	0.157	0.000	0.180
Low	Roof pitch – low	0	1	0.500	0.889	0.443
Combination	Roof pitch – combination	0	1	0.343	0.111	0.377
Swimming Pool	Swimming pool erected	0	1	0.029	0.111	0.016
Cafetorium	Cafetorium erected	0	1	0.614	0.333	0.656
Bandroom	Band room erected	0	1	0.800	0.667	0.820
Auditorium	Auditorium erected	0	1	0.386	0.889	0.311
Elevators	Elevators installed	0	1	0.957	1.000	0.951
Gymnasium	Gymnasium erected	0	1	0.929	0.889	0.934
Kitchen	Kitchen erected	0	1	0.886	1.000	0.869
Library	Library erected	0	1	0.971	1.000	0.967
ScienceLabs	Science labs erected	0	1	0.700	1.000	0.656
Vocational Rooms	Vocational shops and labs	0	1	0.314	0.778	0.246
Extensive Grading	Leveling of hills, filling of valleys or similar scale work	0	1	0.543	0.333	0.574
Normal Grading	Clearing urban site, grading a corn field or similar	0	1	0.457	0.667	0.426
Athletic	Athletic field(s) created (football, soccer, track, etc.)	0	1	0.686	0.667	0.689
Tennis Courts	Tennis courts erected	0	1	0.143	0.000	0.164
Boston	Boston school district	0	1	0.057	0.333	0.016

Table 2. Estimation of Massachusetts School Construction Cost, Actual Cost Per Sq. Foot

	MODEL 1		*MODEL 2*		*MODEL 3*		*MODEL 4*		*MODEL 5*	
	Coef	*t*	*Coef*	*t*	*Coef*	*t*	*Coef*	*t*	*Coef*	*t*
PLA	28.57	*2.18*	24.10	*1.53*	23.28	*1.19*	13.80	*1.18*	13.88	*0.81*
Area (sq ft)	-0.0008	*-2.30*	-0.0010	*-4.31*	-0.0006	*-1.19*	-0.0011	*-4.63*	-0.0008	*-1.59*
Area squared	2.02E-09	*2.20*	2.42E-09	*3.68*	1.11E-09	*0.71*	2.76E-09	*4.00*	1.75E-09	*1.12*
Elementary			-25.85	*-3.17*	-26.90	*-2.15*	-27.10	*-3.33*	-29.88	*-2.45*
Private			-20.97	*-0.54*	9.10	*0.30*	-39.34	*-0.82*	-12.45	*-0.35*
Story			6.16	*0.89*	-1.73	*-0.24*	7.92	*1.12*	-0.31	*-0.04*
Basement			13.46	*1.29*	10.34	*0.76*	7.81	*0.65*	5.02	*0.32*
Demolition			5.47	*0.74*	-0.22	*-0.02*	3.69	*0.50*	-1.67	*-0.18*
Boiler					69.68	*2.22*			70.85	*2.34*
Chiller					9.11	*0.95*			6.76	*0.72*
Central Air					1.56	*0.21*			0.39	*0.05*
Unit Ventilators					0.38	*0.04*			1.26	*0.13*
Ground Coupled					10.57	*0.75*			12.17	*0.74*
Unitary Packaged					4.58	*0.38*			-0.34	*-0.03*
Steep					17.23	*1.23*			16.89	*1.23*
Combination					10.41	*1.27*			11.97	*1.34*
Swimming Pool					33.02	*1.85*			19.02	*1.23*
Cafetorium					1.90	*0.23*			0.44	*0.05*
Band Room					-3.04	*-0.21*			-7.56	*-0.53*
Auditorium					14.80	*1.45*			14.92	*1.43*
Elevators					12.51	*0.84*			13.68	*0.89*
Gymnasium					-53.07	*-2.56*			-55.81	*-2.57*
Kitchen					11.05	*0.62*			8.99	*0.48*
Library					29.70	*0.74*			42.30	*1.01*
Science Labs					1.21	*0.12*			-1.93	*-0.18*
Vocational Rooms					-10.94	*-0.92*			-9.73	*-0.81*
Extensive Grading					0.56	*0.04*			1.63	*0.12*
Athletic					-3.01	*-0.28*			-0.05	*0.00*
Tennis Courts					18.02	*1.01*			16.51	*0.91*
Boston							34.11	*2.10*	39.65	*2.78*
Constant	197.51	*7.57*	213.23	*9.22*	132.17	*2.21*	219.57	*9.27*	140.25	*2.22*
r-square	0.2409		0.3513		0.6259		0.3878		0.6512	
F statistic 1/ p value	*3.11/0.0156*		*3.39/.0001*		*3.39/.0001*		*8.59/.0043*		17.02/.0000	
F statistic 2/ p value			*2.73/.0017*		*4.40/.0407*		7.74/.0075			

t-statistic in ( )
All models estimated with 70 observations.
F-test 1 tests the current model's specification against Model 1. F-test 2 tests the current specification against the immediately prior specification. For Models 4 and 5, the prior specification is the Model omitting the Boston variable. Estimates allow for random error components by school district where there is more than one project in a district and for heterogeneity in the error term with the Huber-White correction. Costs are deflated using the Engineering New Record construction cost index for Boston (Engineering News Record).

Table 3. Estimation of Massachusetts school construction cost, ln(total cost), actual cost

Table 3. Estimation of Massachusetts School Construction Cost, ln(Actual Total Cost)										
	MODEL 1		*MODEL 2*		*MODEL 3*		*MODEL 4*		*MODEL 5*	
	Coef	*t*	*Coef*	*t*	*Coef*	*t*	*Coef*	*t*	*Coef*	*t*
PLA	0.1539	*2.38*	0.1181	*1.20*	0.0928	*0.76*	0.0620	*0.77*	0.0313	*0.29*
Area (sq ft)	1.52E-05	*6.29*	1.11E-05	*5.95*	1.25E-05	*3.69*	1.05E-05	*5.48*	1.11E-05	*3.35*
Area squared	-2.58E-11	*-3.60*	-1.60E-11	*-2.96*	-2.15E-11	*-2.18*	-1.41E-11	*-2.56*	-1.74E-11	*-1.79*
Elementary			-0.0988	*-1.90*	-0.0897	*-1.23*	-0.1056	*-2.05*	-0.1092	*-1.56*
Private			-0.5083	*-2.30*	-0.2317	*-1.46*	-0.6083	*-2.23*	-0.3728	*-2.09*
Story			0.0651	*1.44*	0.0038	*0.08*	0.0747	*1.62*	0.0131	*0.28*
Basement			0.0270	*0.59*	0.0705	*0.73*	-0.0038	*-0.07*	0.0356	*0.32*
Demolition			0.0444	*0.90*	0.0295	*0.49*	0.0347	*0.70*	0.0201	*0.32*
Boiler					0.4749	*2.24*			0.4826	*2.38*
Chiller					0.0358	*0.59*			0.0204	*0.34*
Central Air					-0.0203	*-0.36*			-0.0280	*-0.49*
Unit Ventilators					-0.0019	*-0.03*			0.0039	*0.07*
Ground Coupled					0.0362	*0.29*			0.0467	*0.3 4*
Unitary Packaged					0.0390	*0.44*			0.0068	*0.08*
Steep					0.1278	*1.44*			0.1255	*1.43*
Combination					0.0541	*1.02*			0.0643	*1.08*
Swimming Pool					0.2234	*2.06*			0.1317	*1.48*
Cafetorium					0.0440	*0.82*			0.0345	*0.60*
Band Room					-0.0544	*-0.57*			-0.0840	*-0.91*
Auditorium					0.1548	*2.17*			0.1556	*2.14*
Elevators					0.0865	*0.75*			0.0942	*0.78*
Gymnasium					-0.2742	*-2.39*			-0.2922	*-2.45*
Kitchen					0.0595	*0.49*			0.0461	*0.36*
Library					0.5024	*1.72*			0.5849	*2.01*
Science Labs					0.0413	*0.58*			0.0208	*0.30*
Vocational Rooms					-0.0957	*-1.22*			-0.0879	*-1.10*
Extensive Grading					0.0287	*0.35*			0.0357	*0.43*
Athletic					-0.0243	*-0.36*			-0.0049	*-0.07*
Tennis Courts					0.1041	*0.96*			0.0942	*0.86*
Boston							0.1856	*1.98*	0.2597	*2.93*
Constant	15.1747	*156.0*	15.3622	*81.35*	14.5063	*34.70*	15.3967	*80.68*	14.5592	*33.74*
r-square	0.8849		0.9015		0.9421		0.9055		0.9461	
F statistic 1/p value			*3.46/ .0088*		*7.42/.0000*		*3.03/ .0127*		*13.47/.000*	
F statistic 2/p value					*5.45/.0000*		*3.94/.0524*		*8.66/.0050*	

t-statistic in ( ):
All models estimated with 70 observations.
F-test 1 tests the current model's specification against Model 1. F-test 2 tests the current specification against the immediately prior specification. For Models 4 and 5, the prior specification is the Model omitting the Boston variable. All estimates allow for random error components by school district where there is more than one project in a district and for heterogeneity in the error term with the Huber-White correction. Costs are deflated using the Engineering New Record construction cost index for Boston (Engineering News Record).

Table 4. PLA Effects of Controlling for Boston Public School Construction

	MODEL 1'		*MODEL 2'*		*MODEL 3'*	
	Coef	*t*	*Coef*	*t*	*Coef*	*t*
	Model with PLA and Boston Public School Indicator					
	Cost Per Square Foot					
PLA	12.00	*0.94*	8.34	*0.88*	8.40	*0.47*
Boston Public	*50.51*	*2.42*	*48.37*	6.66	48.69	*4.16*
	Log Total Cost					
PLA	.079	*0.92*	.027	*0.40*	.0158	*0.14*
Boston Public	.228	*1.63*	*.2779*	5.67	.2521	*2.94*
	Model with PLA, Boston and Boston Public School Indicator					
	Cost per Square Foot					
PLA	12.24	*0.95*	8.11	*0.86*	5.50	*0.29*
Boston	-30.77	*-0.98*	*-9.71*	*-0.15*	-47.73	*-0.82*
Boston Public	81.90	*2.14*	*58.03*	0.91	95.24	*1.69*
	Log Total Cost					
PLA	.083	*0.99*	.025	*0.36*	.032	*0.27*
Boston	-.463	*-2.26*	-.097	*-0.28*	.269	*0.69*
Boston Public	.700	*2.81*	*.375*	1.08	-0.104	*-0.03*

Table 5. Comparison of Bachman et. al. to Similarly Specified Model Using Current Data

Variable	Bachman et. al.		Current Research
	Preferred Model	New School Sample	Dodge Bid Cost Sample
PLA	18.83 (4.79)	14.90 (significant at 1%)	16.77 (1.32)
New	-17.89 (6.6)		
Square Feet (100,000s)	-12.36 (2.5)	a	-30.0 (1.24)
Sq Ft. Squared (100,000)		a	7.87E-09 (1.20)
Constant	138.7 (28.0)	a	358.70 (2.03)

Source: Bachman, Paul, Chisholm, Diane C., Haughton, Jonathan and David G. Tuerck. 2003. *Project Labor Agreements and the Cost of School Construction in Massachusetts.* Boston: Beacon Hill Institute. www.beaconhill.org/BHIStudies/PLApolicystudy12903.pdf.

[a.] Variable included but estimates not reported.

[1] PLAs were widely used as a federal contracting tool from the 1950s on. President George H.W. Bush barred use of PLAs on new federal or federally funded projects immediately prior to the 1992 election (Executive Order 12818). President Clinton revoked 12818, restoring the prior status quo, in early 1993 (Executive Order 12836). This was augmented in 1997 with a memorandum providing criteria for use of a PLA and the minimum terms to be incorporated into an agreement. President George W. Bush banned the use of Project Labor Agreements on federal projects shortly after taking office in 2001 (Executive Order 13202). In turn, President Obama revoked 13202 and restored the use PLAs in Federal contracting on February 6, 2009.

[2] Other models included measures of whether the school was an elementary school, the number of floors and the distance from Boston. The basic model was also estimated by type of school (elementary/non-elementary) and project size. (Bachman, et. al., 2003)

[3] As the primary Dodge audience uses reports to learn about opportunities to bid on projecs, timeliness, rather than absoluate accuracy, is an overriding concern. Comparisons of Dodge square footage with final size reported to our survey found that the Dodge reports were within 1,000 square feet for 39 of the 70 schools, between 1,000 and 5,000 feet off for 7 schools, between 5,000 and 10,000 feet off for 4 schools, between 10,000 and 20,000 feet off for 5 schools, and more than 20,000 feet off for 6 schools.

[4] See Square Foot Costs (Means, 2005) and Building and Renovating Schools (Macaluso, Lewek, and Murphy, 2004).

[5] Renovation projects were excluded because of their inherent heterogeneity and the problems in defining and measuring key data such as the physical area of the renovation.

6 We were unable to get responses from contractors or architects for five of the schools on our list.

7 We provide two F-tests for group significance. As the ordering of the addition of variables to Model 1 is arbitrary, the upper test in Table 2 compares the specification for the column with Model 1 specification. The lower F-test is a comparison to the immediately previous specification. As we allow for non-independence and heterogeneity in our error structure we only calculate r^2 and do not calculate $\bar{r}^2$.

[8] The 24 hour protection of public building sites in Boston add about $3.00 per square foot to costs.

[9] Some coefficients seem large, notably those on boiler and library. We suspect they proxy for omitted characteristics associated with these features. In both cases, few schools were built without these features. The only school without a library was a private religious school for low-income students built at a low cost per square foot. The library indicator may proxy for all of the low cost features of this school.

[10] Because of these differences, Boston schools, firestations and police stations are designed by a city bureau.

[11] See Rosenbaum & Rubin, D. B. (1983), Morgan & Harding, (2006), Hirano & Imbens (2001), or Robins, (1987).

[12] The weight, known as a propensity score, is 100/э(Z) for schools with PLAs, 100/(1-э(Z)) for nonPLA schools.

[13] The explanatory variables included in this logistic model were size in square feet, story, elementary school unitventilators, unitarypackaged, combination, cafetorium, bandroom, vocationalshopslabs, extensivegrading, athletic, ibctype2a, ibctype2b. Comparison of this list with the variable list in Table 1 shows that, once features uniquely associated with PLAs were eliminated from the model, the remaining variables tended to be less important construction characteristics.

[14] The problem may be illustrated with an example from our cost estimates. In some of our work we estimated Model 2 in two stages, first adding elementary and private and then story, basement and demolition variables. Contrary to expectations by our experts, a referee and ourselves, it was not possible to reject a null of zero coefficients in an F-test of the latter three variables, two out of three of the coefficients were not close to significant individually. Nevertheless, addition of these variables to Model 2 caused a substantial decline in the coefficient on PLA, from about $32 to $24 a square foot. In models that omitted demolition, story and basement had large positive coefficients. The logistic estimates indicate that each of these variables is, in our data set, strongly related to whether a school adopts a PLA. In the final version of the Model, story had a coefficient of 6×10^{23}, indicating a strong relationship with adoption of a PLA. There is then an issue of "fundamental" multicollinearity; our problem in getting clear estimates is not caused by chance correlations but rather by underlying causal relationships.

[15] Bachman et. al report PLA projects averaged 151,000 square feet against 134,000 square feet for nonPLA projects. PLA schools cost $152 per square foot against $134 for nonPLA schools. The average bid price was $22.92 million and $16.95 million for PLA and nonPLA schools, respectively.

[16] The estimated effect of the PLA variable for the final cost of new schools is $23.28, about $5.00 per square foot lower, in the sample of 61 schools for which we have the Dodge bid price.

[17] Toyota has used PLAs on all of its major construction projects, more than 38 million hours of construction labor, since the mid-1980s.

San Mateo County Community College District July 22, 2015

BOARD REPORT NO. 15-7-6C

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6869
Tom Bauer, Vice Chancellor, Auxiliary Services, 358-6782

THIRD QUARTER REPORT OF AUXILIARY OPERATIONS, 2014-15

The following report covers the period July 1, 2014 through March 31, 2015 for Associated Student Bodies, Bookstores, Cafeterias and the San Mateo Athletic Club.

ASSOCIATED STUDENTS (Exhibits A, B, C)

Total income and expenditures for the Associated Student Body (ASB) at each College for the above reporting period of fiscal years 2014-15 and 2013-14 are listed below:

Associated Students Income	2014-15	2013-14	$ Change	%Change
Cañada College ASB	$ 68,594	$ 66,179	$ 2,415	3.6%
College of San Mateo ASB	$ 97,418	$ 105,418	$ (7,999)	-7.6%
Skyline College ASB	$ 104,505	$ 117,019	$ (12,513)	-10.7%

Associated Students Expenditures	2014-15	2013-14	$ Change	%Change
Cañada College ASB	$ 45,327	$ 38,141	$ 7,186	18.8%
College of San Mateo ASB	$ 93,058	$ 101,659	$ (8,602)	-8.5%
Skyline College ASB	$ 97,043	$ 111,493	$ (14,450)	-13.0%

Activity card sales and vending commission are the major source of income for the Associated Students. Expenditures of the ASBs include normal operating expenses (office supplies, activity card, student assistant salaries and other miscellaneous expenses) as well as student programs, scholarships and club assistance supporting campus life. There have been significant increases in program activities at Cañada College; the overall increase in expenditures is 18.8%. CSM's and Skyline's operating expenses decreased in general; the overall decrease in expenditures recorded at CSM and Skyline is 8.5% and 13.0% respectively.

Below is a comparison of the Net Income from ASB Operations for this reporting period:

Associated Students Net Income	2014-15	2013-14	$ Change	%Change
Cañada College ASB	$ 23,267	$ 28,038	$ (4,771)	-17.0%
College of San Mateo ASB	$ 4,361	$ 3,758	$ 602	16.0%
Skyline College ASB	$ 7,463	$ 5,526	$ 1,937	35.1%

BOOKSTORES (Exhibit D)

The following data reflects Bookstore operations for the first nine months of the fiscal year beginning July 1, 2014 through March 31, 2015. It includes a small portion of summer 2014, fall 2014 and spring 2015 semester sales. The District Bookstores and Cafeterias are self-sustaining enterprises. All income generated covers the total salaries and expenses generated by these operations. General fund dollars are not used in any way to subsidize District enterprises.

Bookstore Sales	**2014-15**	**2013-14**	**$ Change**	**% Change**
Computer Products Sales	$ 102,987	$ 136,362	$ (33,375)	-24.5%
Total Merchandise Sales	$ 5,234,289	$ 5,637,213	$ (402,923)	-7.1%
Textbook Rental Income	$ 469,164	$ 395,604	$ 73,560	18.6%
Production Service Income	$ 256,506	$ 283,674	$ (27,168)	-9.6%
Total Sales	**$ 5,959,959**	**$ 6,316,491**	**$ (356,532)**	**-5.6%**

Regular merchandise sales have decreased this year compared to last year as textbook sales continue to decline. Textbook sales are down significantly over last year due to a number of factors including the decline in enrollment. Textbook rentals are not represented as sales and, therefore, the more textbooks we rent, the fewer textbooks we sell. In fact, we are realizing the gross margin we would on the sale of a new book on the rental of any book. Textbook rental fee revenue increased 18.6% this year over last year as the program continues to grow and is operational at all three Colleges with continuing support from each College administration.

Although textbook sales have declined significantly, increases in textbook rentals at all three campuses continue. Through March 2015, the textbooks rented to students represent a savings to students of $**1,276,749** if the students had to purchase the same textbooks new. The textbook rental program has clearly benefitted students by providing access to course materials in an affordable manner. Since fall 2005, the textbook rental program has saved students in the District millions of dollars in course materials costs. This is an incredible achievement and has no rival in the California Community College system. The program began with 35 individual titles and has grown to more than 1,500 titles. Many of these textbooks have been purchased through a series of grants and donated funds as well as from the Bookstores' capital reserve. The generous financial and operational commitments from the Colleges certainly made a major impact on the program this academic year.

Comparative figures are shown below:

Bookstore Recap	**2014-15**	**2013-14**	**$ Change**	**%Change**
Operations				
Merchandise Sales	5,234,289	5,637,213	(402,923)	-7.1%
Textbook Rental Income	469,164	395,604	73,560	18.6%
Production Service Income	256,506	283,674	(27,168)	-9.6%
Cost of Goods Sold	3,280,008	3,903,138	(623,130)	-16.0%
Gross Profit from Operations	**2,679,951**	**2,413,353**	**266,598**	**11.0%**
Total Operating Expenses	2,210,273	2,086,308	123,965	5.9%
Net Income/(Loss) from Operations	**469,678**	**327,045**	**142,633**	**43.6%**
Interest and Other Income	177,053	189,898	(12,845)	-6.8%
Net Income Before Other Expenses	**646,731**	**516,943**	**129,788**	**25.1%**

District Support				
In-Kind Donations Received	69,397	53,325	16,073	30.1%
Admin Salary & Benefits	48,836	44,128	4,708	10.7%
Other Expenses	58,439	73,324	(14,885)	-20.3%
Net Change in Fund Balance	**608,854**	**452,817**	**156,038**	**34.5%**

Cost of goods sold decreased this year due to the decline in textbook sales as well as the outstanding inventory control resulting in an inventory loss of less than 1% recorded after our physical inventory in October. Total direct operating expenses increased modestly by 5.9% over this same period last year impacted mainly by salary and benefit increases. The receipt of a contractually required payment from Pepsi as part of a new contract award is recognized as a donation received in the amount of $69,397. This money is used to support college programs this academic year as well as fund additional titles added to the textbook rental program.

The added competition from numerous outside organizations, particularly of textbook sales, adds pressure on the Bookstores' overall financial performance. All District Auxiliary and Commercial Operations are dependent on a strong, stable enrollment for continued success. The addition of the coffee concessions as well as the addition of the copy centers at both CSM and Skyline College is an example of the proactive measures we have taken to insure the financial stability of the Bookstore operations in these uncertain economic times. We will continue our commitment to focus on all efforts to improve service, offer more used textbooks, continue to grow the rental program, further integrate digital textbooks at all three Colleges, increase the amount of custom and institutionally adopted textbooks Districtwide and further maximize the interest and other income potential of all the campus Bookstores. In so doing, we will remain well positioned for future growth as we serve the students of the San Mateo Community College District.

<u>CAFETERIAS</u> (Exhibit E)

Beverage, Snack and Food Service Vendors –

- The District's beverage vending service partner is Pepsi Bottling Group. The contract was awarded effective July 1, 2012, ending on June 30, 2017.
- The District's snack vending partner is Canteen. The contract was awarded on July 1, 2012, ending on June 30, 2017
- The District's food service partner is Pacific Dining Services. The contract was awarded on July 1, 2012 ending on June 30, 2015 with an option for two one-year renewals thereafter.

Third quarter comparisons are noted below:

Cafeteria Recap	**2014-15**	**2013-14**	**$ Change**	**% Change**
Revenues				
Food Service Income	$ 131,561	$ 121,410	$ 10,151	8.4%
Vending Income	43,328	42,616	711	1.7%
Interest Income	2,851	7,584	(4,733)	-62.4%
Event Rental	59,869	63,317	(3,448)	-5.4%
Other Income	-	-	-	0.0%
Total Revenues	**$ 237,609**	**$ 234,928**	**$ 2,681**	**1.1%**
Expenditures	**$ 133,419**	**$ 136,649**	**$ (3,230)**	**-2.4%**
Prior Year Adjustment	**$ 15,761**	**-**	**$ 15,761**	**100.0%**
Net Change in Fund Balance	**$ 88,429**	**$ 98,280**	**$ (9,850)**	**-10.0%**

FOOD SERVICE INCOME	2014-15	2013-14	$ Change	% Change
PACIFIC DINING				
Skyline	$ 37,983	$ 29,993	$ 7,990	26.6%
Cañada	29,578	18,950	10,629	56.1%
CSM	53,154	69,015	-15,862	-23.0%
Le Bulldog	10,846	3,452	7,394	214.2%
Total Food Service Income	**$ 131,561**	**$ 121,410**	**$ 10,151**	**8.4%**

Compared to the second quarter 2013-14, food service income has increased substantially by 8.4%. This is striking because enrollment is down and, last year, we were serving more than 100 students from The Nueva School at CSM while they were renting one of our buildings for classes while their new campus was being built. They were using all of the dining, coffee and convenience enterprises as well as our vending machines. They moved out this past summer. Despite these factors, sales remain very strong. Vending income has increased significantly by 1.7% compared to last year. Overall expenditures have declined slightly this year by 2.4%. There will be an increase in expenses in the fourth quarter as our yearly inspection and maintenance on most equipment will take place. All other expenses related to the repair and maintenance of equipment at the three College dining locations is in line with where they were last year. Event rental income has decreased slightly by 5.4%. Several of the events we hosted this spring were for district partners and involved lower rental fees. Event rental fees are poured back into the facility for continued upgrade, upkeep and enhanced maintenance allowing us to maintain the facility at a superior level. There is a prior year adjustment booked due to an error last year that will impact us the remainder of this year.

Income from food service and vending contracts enables the District to provide food and beverage services to the students. In addition, all of the commission dollars from the Pepsi and Canteen vending machines located throughout the District is returned directly to each College's Associated Student Body for use with approved student related activities. These combined resources, along with interest income, also provide a stable Cafeteria fund not requiring support from the general fund. As part of the Enterprise Fund, the cafeteria and vending operations and are fully self-supporting. No General Fund dollars go to support any Enterprise operation. The fund is also responsible for the long-term maintenance and upgrading of aging facilities and equipment, as well as all expenses relating to the ongoing operational requirements under the food service and vending contracts

San Mateo Athletic Club (Exhibit F)

The addition of the Health and Wellness Building at College of San Mateo has afforded the District a number of educational and financial opportunities to serve the community. As a multi-use facility, it provides classrooms and labs for career and technical programs including nursing, dental assisting, cosmetology, health fitness offering credit classes, non-credit classes, community education and adaptive fitness.

Operating as an enterprise through Auxiliary Services, the San Mateo Athletic Club is a self-sustaining community-centered, fee-based operation offering numerous service options to the San Mateo campus community and the community-at-large. The concept of a multi-use space enables the District to maximize the use of facility resources and consequently create a revenue stream that will supplement the College budgetary needs, including equipment maintenance and replacement, and has gained the attention of other community colleges up and down the State. The San Mateo Athletic Club provides our community broader access to the College of San Mateo and demonstrates in a very real way that the

District is a community-based organization serving a wide spectrum of educational and training opportunities.

Third quarter comparisons are noted below:

San Mateo Athletic Club and Aquatic Center	2014-15	2013-14	$ Change	%Change
Operating Revenues				
Registration & Membership	$ 2,296,069	$ 2,109,020	$ 187,049	8.9%
Personal Training	229,873	295,690	(65,817)	-22.3%
Aquatics	541,604	454,666	86,938	19.1%
Parking	59,872	55,320	4,552	8.2%
Group Exercise	44,148	45,644	(1,496)	-3.3%
Retail	14,355	13,759	596	4.3%
Other Income	17,355	16,813	542	3.2%
Total Operating Revenue	**$ 3,203,276**	**$ 2,990,912**	**$ 212,364**	7.1%
Operating Expenses	**$ 2,209,027**	**$ 2,046,793**	**$ 162,234**	7.9%
Net Operating Income/(Loss), prior to District and College Support	**$ 994,249**	**$ 944,119**	**$ 50,130**	5.3%
District Support				
District Support Income	109,186	61,883	47,303	76.4%
District Support Expense	225,964	206,698	19,266	9.3%
Net Income/(Loss) after District Support, prior to College Support	**$ 877,471**	**$ 799,304**	**$ 78,167**	9.8%
College Support Expense	**$ 106,000**	**$ 1,000**	**$ 105,000**	10,500%
Net Income/(Loss) after District & College Support	**$ 771,471**	**$ 798,304**	**$ (26,833)**	-3.4%

The financial performance of SMAC continues to be strong this year after four full years of operation and as we approach the end of our fifth year. Total operating revenue has exceeded expectations and is 7.1% or $212,364 ahead of last year for a total of $3,203,276. Our net operating income after the allocation of all direct and indirect expenses is actually slightly down over last year. In addition to increased district salary and benefit costs for district employees charged to the operation, there is also a $30,000 donation to Jazz on the Hill represented under College Support. Net operating income for the operation itself is above last year by 5.3% or $994,249 before the allocation of District salaries, other expenses and campus support.

SMAC was actually not projected to begin making money until its third year of operation and not break even until the end of the fourth year. Due to the first class facility, as well as the professionally managed operation, we continue to realize membership growth after a full three plus years in operation. As a “mature” club, we do not anticipate that we will be able to continue growing at the same explosive rate due to the size of our facility but we will continue to maximize our membership. In addition, we will continue to explore new partnerships and offer more continuing education programs and certification classes to add to the workforce development part of our mission.

Besides providing a revenue stream to the District, the mission of SMAC is to create a healthy environment that engages students, staff and community members in the pursuit of health and physical fitness. The emphasis is on enjoying exercise for its own sake and learning fitness habits for life. This

means that students have a place where they can focus on lifetime fitness goals and individual achievement, and community members can find opportunities to improve their health and well-being.

As a result of significant collaboration, the College of San Mateo academic team and the SMAC team branded the club as a "teaching health club" with our new tag line "Where Education Meets Fitness." This is certainly an innovative concept for a college and a health club. This partnership offers students at CSM who are pursuing a career in the growing fitness industry to work as interns in SMAC, perform field work and team teach with certified instructors to earn certificates that will qualify them to work in the community as fitness professionals. The synergy between the academic program and our program represents fully the vision of what a professionally managed health club in our District could do, not only for revenue generation but also for workforce development. CSM and SMAC are successfully addressing the District's strategy to make the entire Health and Wellness building a premier Career-Technical Education facility in the County of San Mateo and in the State. SMAC provides a vital ingredient to this endeavor.

We are very proud of the accomplishments made at SMAC in such a short period of time. We strive to be the best facility in the Bay Area which offers not only a place to work out, but also a place to teach, learn and develop habits, knowledge, skills and abilities that will benefit all those we serve for a lifetime.

ASB CANADA
BALANCE SHEET

	Mar 31, 15	Mar 31, 14	$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1000 · CASH AND BANK	97,770.22	211,596.90	-113,826.68	-53.79%
Total Checking/Savings	97,770.22	211,596.90	-113,826.68	-53.79%
Accounts Receivable				
1210.5 · ALLOWANCE FOR BAD DEBTS	-13,958.62	-12,510.17	-1,448.45	11.58%
Total Accounts Receivable	-13,958.62	-12,510.17	-1,448.45	11.58%
Other Current Assets				
1210.1 · ACCOUNTS RECEIVABLE CANADA	61,784.74	68,516.01	-6,731.27	-9.82%
1220 · EMERGENCY LOANS RECEIVABLE	4,781.00	6,170.00	-1,389.00	-22.51%
1310.1 · COUNTY INVESMENT POOL-UNION	364,408.84	233,712.69	130,696.15	55.92%
1310.2 · MARK TO MARKET	-14.38	-228.06	213.68	-93.7%
Total Other Current Assets	430,960.20	308,170.64	122,789.56	39.85%
Total Current Assets	514,771.80	507,257.37	7,514.43	1.48%
Fixed Assets				
1500 · FIXED ASSETS	0.00	0.00	0.00	0.0%
Total Fixed Assets	0.00	0.00	0.00	0.0%
TOTAL ASSETS	**514,771.80**	**507,257.37**	**7,514.43**	**1.48%**
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
2020 · EMERGENCY LOANS PAYABLE	6,113.94	6,662.94	-549.00	-8.24%
2030 · OTHER LOANS PAYABLE	6,021.01	6,021.01	0.00	0.0%
2040 · OTHER FUNDS PAYABLE	72.00	72.00	0.00	0.0%
2050 · CLUBS	29,812.57	25,012.49	4,800.08	19.19%
2060 · TRUSTS	176,952.35	180,953.42	-4,001.07	-2.21%
Total Other Current Liabilities	218,971.87	218,721.86	250.01	0.11%
Total Current Liabilities	218,971.87	218,721.86	250.01	0.11%
Total Liabilities	218,971.87	218,721.86	250.01	0.11%
Equity				
3010 · Opening Bal Equity	141,753.44	141,753.44	0.00	0.0%
3020 · Retained Earnings	130,779.62	118,744.11	12,035.51	10.14%
Net Income	23,266.87	28,037.96	-4,771.09	-17.02%
Total Equity	295,799.93	288,535.51	7,264.42	2.52%
TOTAL LIABILITIES & EQUITY	**514,771.80**	**507,257.37**	**7,514.43**	**1.48%**

Associated Students Body
Canada College
Balance Sheet

	Mar 31, 15	Mar 31, 14	$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1000 · CASH AND BANK				
1050-1 · WELLS FARGO BANK-NEW CHECKING	67,770.22	181,596.90	-113,826.68	-62.68%
1060 · CD ACCOUNTS				
1060.2 · CD - WESTERN FIN BANK	30,000.00	30,000.00	0.00	0.0%
Total 1060 · CD ACCOUNTS	30,000.00	30,000.00	0.00	0.0%
Total 1000 · CASH AND BANK	97,770.22	211,596.90	-113,826.68	-53.79%
Total Checking/Savings	97,770.22	211,596.90	-113,826.68	-53.79%
Accounts Receivable				
1210.5 · ALLOWANCE FOR BAD DEBTS	-13,958.62	-12,510.17	-1,448.45	11.58%
Total Accounts Receivable	-13,958.62	-12,510.17	-1,448.45	11.58%
Other Current Assets				
1210.1 · ACCOUNTS RECEIVABLE CANADA				
INTEREST RECEIVABLE CDS	798.67	364.69	433.98	119.0%
STUDENT BODY FEE RECEIVABLE	54,336.38	60,683.54	-6,347.16	-10.46%
VENDING COMMISSION RECEIVABLE	2,773.97	651.28	2,122.69	325.93%
OTHER ACCOUNTS RECEIVABLE	3,529.68	6,816.50	-3,286.82	-48.22%
1210.1 · ACCOUNTS RECEIVABLE CANADA - Other	346.04	0.00	346.04	100.0%
Total 1210.1 · ACCOUNTS RECEIVABLE CANADA	61,784.74	68,516.01	-6,731.27	-9.82%
1220 · EMERGENCY LOANS RECEIVABLE				
DEANS LOAN RECEIVABLE	3,885.00	5,026.00	-1,141.00	-22.7%
EOPS LOAN RECEIVABLE	896.00	1,144.00	-248.00	-21.68%
Total 1220 · EMERGENCY LOANS RECEIVABLE	4,781.00	6,170.00	-1,389.00	-22.51%
1310.1 · COUNTY INVESMENT POOL-UNION	364,408.84	233,712.69	130,696.15	55.92%
1310.2 · MARK TO MARKET	-14.38	-228.06	213.68	-93.7%
Total Other Current Assets	430,960.20	308,170.64	122,789.56	39.85%
Total Current Assets	514,771.80	507,257.37	7,514.43	1.48%

Associated Students Body
Canada College
Balance Sheet

Fixed Assets				
1500 · FIXED ASSETS				
1520.1 · EQUIPMENT				
1510.21 · EQUIPMENT	40,051.54	40,051.54	0.00	0.0%
1520.22 · ACC DEPR - EQUIP	-40,051.54	-40,051.54	0.00	0.0%
Total 1520.1 · EQUIPMENT	0.00	0.00	0.00	0.0%
Total 1500 · FIXED ASSETS	0.00	0.00	0.00	0.0%
Total Fixed Assets	0.00	0.00	0.00	0.0%
TOTAL ASSETS	**514,771.80**	**507,257.37**	**7,514.43**	**1.48%**
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
2020 · EMERGENCY LOANS PAYABLE	6,113.94	6,662.94	-549.00	-8.24%
2030 · OTHER LOANS PAYABLE	6,021.01	6,021.01	0.00	0.0%
2040 · OTHER FUNDS PAYABLE	72.00	72.00	0.00	0.0%
2050 · CLUBS				
ART CLUB	10.27	10.27	0.00	0.0%
A. S. I. D.	7,970.33	7,822.11	148.22	1.9%
BEATING THE ODDS COMMUNITY	1,078.87	658.21	420.66	63.91%
BRIDGING HISPANIC MINDS	1,000.48	1,000.48	0.00	0.0%
COMPUTER SCIENCE CLUB	965.00	695.00	270.00	38.85%
CAÑADA VETERANS CLUB	6.98	6.98	0.00	0.0%
CAÑADA COUNTRY CLUB	28.59	28.59	0.00	0.0%
DREAMERS CLUB	208.00	7.50	200.50	2,673.33%
DANCE CLUB	277.00	277.00	0.00	0.0%
EOPS CLUB	1,171.02	472.29	698.73	147.95%
FRISBEE CLUB	31.52	31.52	0.00	0.0%
GLEE CLUB	59.83	60.02	-0.19	-0.32%
ICC CLUB	194.47	54.99	139.48	253.65%
MATH CLUB	252.53	334.64	-82.11	-24.54%
MISCELLANEOUS CLUB ACCOUNT	7.93	7.93	0.00	0.0%
PEOPLE OF THE PACIFIC	328.76	328.76	0.00	0.0%
PHI THETA KAPPA	3,885.44	3,774.20	111.24	2.95%
PHOTO CLUB	21.69	21.69	0.00	0.0%
PHOTON MASTERS	7,659.75	5,969.15	1,690.60	28.32%
POLITICAL AWARENESS CLUB	136.91	136.91	0.00	0.0%
PRE HEALTH CLUB	114.99	62.89	52.10	82.84%
PRE MED CLUB	551.84	551.84	0.00	0.0%
PRE NURSING CLUB	175.50	96.78	78.72	81.34%
SPECTRUM ALLIANCE CLUB	998.14	498.14	500.00	100.37%
ROBOTICS TEAM CLUB	692.30	368.92	323.38	87.66%
SALSA CLUB	74.60	74.60	0.00	0.0%
S.H.P.E.	1,069.29	820.54	248.75	30.32%
TRIO CLUB	181.37	181.37	0.00	0.0%
WISE CLUB	105.21	105.21	0.00	0.0%
YOUNG LATINO LEADERS OF CAÑADA	553.96	553.96	0.00	0.0%
Total 2050 · CLUBS	29,812.57	25,012.49	4,800.08	19.19%

Associated Students Body
Canada College
Balance Sheet

2060 · TRUSTS				
CANADA CHOIRS TRUST	150.00	150.00	0.00	0.0%
ADAPTIVE PE TRUST	0.95	0.95	0.00	0.0%
ASCC SCHOLARSHIP FUND	2,071.09	1,721.09	350.00	20.34%
ASSESSMENT TRUST	1,535.00	945.00	590.00	62.43%
ATHLETIC ASSISTANCE TRUST	25.77	25.77	0.00	0.0%
ATHLETIC TRAINER TRUST	329.72	329.72	0.00	0.0%
ATHLETICS TRUST	84.23	84.23	0.00	0.0%
BUSINESS WORKFORCE TRUST	205.00	205.00	0.00	0.0%
C. S. P. A. - ART	403.20	403.20	0.00	0.0%
C. S. P. A. - DRAMA	18,842.22	34,687.79	-15,845.57	-45.68%
C. S. P. A. - MUSIC	2,838.22	3,074.22	-236.00	-7.68%
CAREER SERVICES TRUST	11,389.44	7,765.87	3,623.57	46.66%
CHILD DEVELOPMENT CENTER	268.68	268.68	0.00	0.0%
CLASSIFIED COUNCIL TRUST	175.00	175.00	0.00	0.0%
CLUB ACCOUNT RESERVE FUND	3,340.79	3,340.79	0.00	0.0%
COOP - ED TRUST	6,747.64	6,183.64	564.00	9.12%
DANCE TRUST	5,491.21	5,037.78	453.43	9.0%
DISTRICT PAYMENT ACCOUNT	0.00	-500.00	500.00	100.0%
EARLY CHILDHOOD EDUCATION	486.08	486.08	0.00	0.0%
EMERGENCY ASSISTANCE FUND	138.44	138.44	0.00	0.0%
EMILIO'S FUND	675.63	675.63	0.00	0.0%
EOPS PARKING AND BUS PASS FUND	0.00	1,044.00	-1,044.00	-100.0%
FASHION ATELIER TRUST	16,882.68	8,357.21	8,525.47	102.01%
FASHION SHOW PRODUCTION	275.00	0.00	275.00	100.0%
FITNESS FOR LIFE	31.42	31.42	0.00	0.0%
HEALTH CENTER TRUST	2,084.14	2,278.52	-194.38	-8.53%
HUMANITIES TRUST	1,444.19	1,444.19	0.00	0.0%
INTERIOR DESIGN TRUST	4,132.47	4,711.43	-578.96	-12.29%
LEARNING CENTER TRUST	5,250.21	3,019.47	2,230.74	73.88%
LIBRARY TRUST	290.82	290.82	0.00	0.0%
MIDDLE COLLEGE TRUST	1,425.53	1,757.90	-332.37	-18.91%
MISCELLANEOUS TRUST	43.00	-57.00	100.00	-175.44%
PENINSULA CANTARE	100.00	100.00	0.00	0.0%
PSYCHOLOGICAL SERVICES TRUST	210.77	210.77	0.00	0.0%
RAD TECH TRUST	4,515.37	4,417.30	98.07	2.22%
SAM TRANS	3,222.00	3,092.00	130.00	4.2%
SCHOLARSHIP TRUST/CANADA	19,749.86	19,749.86	0.00	0.0%
SCIENCE DIVISION TRUST	58.28	58.28	0.00	0.0%
SMART COOKIE SCHOLARSHIP TRUST	2.00	2.00	0.00	0.0%
STAR PROJECT TRUST ACCOUNT	6,264.58	6,264.58	0.00	0.0%
STUDENT LIFE TRUST	6,073.01	4,890.01	1,183.00	24.19%
STUDENT REP FEE /FORM. POL ACT.	20,881.98	31,312.38	-10,430.40	-33.31%
SUMMER BASKETBALL TRUST	179.71	179.71	0.00	0.0%
UPWARD BOUND TRUST	13.55	185.02	-171.47	-92.68%
VENDING RESERVE TRUST ACCOUNT	24,596.83	17,615.26	6,981.57	39.63%
VICE PRESIDENT'S SPECIAL TRUST	3,826.64	4,599.41	-772.77	-16.8%
V-ROC TRUST	200.00	200.00	0.00	0.0%
Total 2060 · TRUSTS	176,952.35	180,953.42	-4,001.07	-2.21%
Total Other Current Liabilities	218,971.87	218,721.86	250.01	0.11%
Total Current Liabilities	218,971.87	218,721.86	250.01	0.11%
Total Liabilities	218,971.87	218,721.86	250.01	0.11%

Associated Students Body
Canada College
Balance Sheet

Equity				
3010 · Opening Bal Equity	141,753.44	141,753.44	0.00	0.0%
3020 · Retained Earnings	130,779.62	118,744.11	12,035.51	10.14%
Net Income	23,266.87	28,037.96	-4,771.09	-17.02%
Total Equity	295,799.93	288,535.51	7,264.42	2.52%
TOTAL LIABILITIES & EQUITY	**514,771.80**	**507,257.37**	**7,514.43**	**1.48%**

ASB - CANADA
INCOME STATEMENT

	Jul '14 - Mar 15	Jul '13 - Mar 14	$ Change	% Change
Ordinary Income/Expense				
Income				
4000 · INCOME				
4020 · ATM	468.00	410.50	57.50	14.01%
4050 · MISCELLANEOUS	457.75	410.34	47.41	11.55%
4080 · STUDENT BODY CARD	54,872.00	56,096.00	-1,224.00	-2.18%
4090 · VENDING-ACTION	5,717.33	4,473.03	1,244.30	27.82%
4091 · VENDING-PEPSI	5,077.10	3,852.17	1,224.93	31.8%
Total 4000 · INCOME	66,592.18	65,242.04	1,350.14	2.07%
Total Income	66,592.18	65,242.04	1,350.14	2.07%
Expense				
5000 · EXPENSES				
5010 · AWARDS & SCHOLARSHIPS	706.32	2,000.70	-1,294.38	-64.7%
5031 · CLUB ASSISTANCE/ICC	3,853.31	3,815.94	37.37	0.98%
5032 · COLLEGE PROGRAM ASSISTANCE	4,917.61	1,145.94	3,771.67	329.13%
5033 · CONFERENCE	4,942.23	3,442.96	1,499.27	43.55%
5050 · ETHNIC CULTURAL AFFAIRS	0.00	832.60	-832.60	-100.0%
5080 · HOSPITALITY	165.51	96.00	69.51	72.41%
5130 · MISCELLANEOUS	488.07	237.34	250.73	105.64%
5140 · OFFICE SUPPLIES	2,521.63	1,080.23	1,441.40	133.44%
5145 · OPERATION	29.57	80.79	-51.22	-63.4%
5150 · PROGRAMS	0.00	36.00	-36.00	-100.0%
5151 · PUBLICITY	1,400.34	1,226.35	173.99	14.19%
5152 · SPIRIT THURSDAY	13,598.17	11,420.76	2,177.41	19.07%
5170 · RECREATION/GAMES	257.74	298.71	-40.97	-13.72%
5171 · REPAIR & MAINTENANCE	910.98	833.89	77.09	9.25%
5182 · STUDENT ACTIVITY CARD	1,459.46	2,007.86	-548.40	-27.31%
5183 · STUDENT ASSISTANT-SALARY	5,508.00	5,953.76	-445.76	-7.49%
5184 · STUDENT ASSISTANT-BENEFITS	55.08	595.38	-540.30	-90.75%
5210 · VENDING INCOME TRANSFER	4,513.29	3,035.61	1,477.68	48.68%
Total 5000 · EXPENSES	45,327.31	38,140.82	7,186.49	18.84%
Total Expense	45,327.31	38,140.82	7,186.49	18.84%
Net Ordinary Income	21,264.87	27,101.22	-5,836.35	-21.54%
Other Income/Expense				
Other Income				
6000 · OTHER INCOMES				
6010 · INTEREST	2,002.00	936.74	1,065.26	113.72%
Total 6000 · OTHER INCOMES	2,002.00	936.74	1,065.26	113.72%
Total Other Income	2,002.00	936.74	1,065.26	113.72%
Net Other Income	2,002.00	936.74	1,065.26	113.72%
Net Income	**23,266.87**	**28,037.96**	**-4,771.09**	**-17.02%**

Associated Students of Cañada College
2015-2016: Budget Report for the 3rd Quarter
Summary of Programs and Activities
April 21, 2015

The following is a summary highlighting the events and activities of this quarter.

Participatory Governance

The students continue to serve on the following committees at Cañada College and the District:

- SSCCC Region 3
- District Student Council
- District Committee on Budget and Finance
- District Participatory Governance
- College Planning and Budgeting Council (PBC)
- Academic Senate Representative
- Committee for Student Equity
- Educational Master Plan Sub-Committee
- Basic Skills Committee
- Curriculum Committee
- Environment Sustainability Committee
- Technology Committee
- Instructional Planning Council
- Vending Commission
- Campus Auxiliary Services Advisory Committee
- Grievance and Conduct Board
- Safety Committee
- Student Services Planning Council (SSPC)
- Transfer Advisory Committee

Recruitment of Students

The ASCC continues to encourage student engagement through leadership opportunities at events.

Student Identification Cards

The Center for Student Life and Leadership Development continues to produce Student ID Cards for the student body, faculty, and staff with assistance from the ASSC. Thus far, we have created 2,201 IDs this academic year.

Inter-Club Council (ICC)

The ASCC encourages students to become an active member on campus through their handouts, fliers, activities, social media and Inter-Club Council. This past quarter **one** new clubs was formed—the Business and Entrepreneurship Club.

ASCC Events

- **ASSC Meetings**
  Weekly Wednesdays, CIETL 3:30-5pm
- **Colt Classic**
  Tuesday, March 17h 2-5pm
  ASCC worked with President's Office and Athletics to host a St. Patrick's day baseball game event.
- **Spring Into Success (Monthly Open Mic)**
  Thursday, March 19, 12-1:30pm
  The Grove
  Monthly Open Mic, where all performers welcome.
- **Orientation/Preview Day**
  Thursday, April 9, 5:30-8pm
  ASCC table at Orientation to get new students interested in getting involved on campus.
- **Not Anymore**
  Tuesday, April 14, 9am-12:30pm
  Main Theater
  Special speaker who will help us cover hot topics on consent, sexting, bystander awareness, social media safety, and other Sexual Assault Awareness Month topics for Title IX.
- **We Only Have One Earth (Monthly Open Mic)**
  Thursday, April 16, 12-1:30pm
  The Grove
  Monthly Open Mic, where all performers welcome.
- **Student Senate Elections**
  April 27-29, All day
  Students come together to vote on Student Representation.
- **Earth Day**
  Wednesday, April 22, 9am-12:45pm
  Upper Lawn
  Celebrating National Earth Day with numerous campus club activities, a terranium bar, acai bowls, pledge stations, and various community sustainability groups.

ASCC Sponsored Events:

- **Nevada/California Spring Regional PTK Conference**
  - 4/7
  - ASCC Supports PTK with $632 for their semi annual leadership conference.
- **International Film Night**
  - Semester Long
  - ASCC Supports the International Culture Exchange to put on their semester-long International Film Night with $239.
- **CBET**
  - February 11
    ASCC and Student Life work to host our Off-Campus ESL Classes by making them IDs and providing food for all the students visiting campus. $220

- **NSNA Annual Nursing Conference**
  - 4/22
  - ASCC Sponsors the Pre-Nursing Club to attend the Annual Nursing Conference in Salt Lake City with $756.
- **BTO Professional Mixer**
  - March 23
  - ASCC provides BTO to host a first generation college student professional mixer by donating $700.

Conferences and Leadership Training

- **Spring Fall Leadership Retreat**
  - Sunday, March 8
  - San Francisco Pacific Leadership Institute
  - All ASCC Senate Members and Associates, a total of 22 students, took part of the UCSF Pacific Leadership Institute—learning to work better as a team, communications skills, and what goals they can set to be a better ASCC.
- **Washington DC Class Trip**
  - March 22-26
  - Washington, D.C.

The ASCC sent 3 student representatives and one advisor to an alternative advocacy Spring Break in Washington D.C During Spring Break, The Associated Students of Cañada College participated in an advocacy trip to Washington, D.C. Throughout their time in D.C., they learned more about how government works and saw the House of Representatives and Senate in action first hand—inspiring many new initiatives to bring onto campus and use within the Student Senate.

The student leaders also met with Congresswoman Eshoo, Congresswoman Speier, Senator Boxer, a lobbyist for immigration reform, and the education team for Senator Feinstein. Meeting these influential leaders truly sparked a fire within the students and they came back to campus with a new outlook on what leadership means and how they could use what they learned at Cañada.

If you need additional information please contact:

Misha M. Maggi
Student Life and Leadership Manager
Cañada College
Phone: (650) 306-3373
Email: maggim@smccd.edu

ASB CSM
BALANCE SHEET

	Mar 31, 15	Mar 31, 14	$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1000 · CASH AND BANK	23,973.87	39,044.12	-15,070.25	-38.6%
Total Checking/Savings	23,973.87	39,044.12	-15,070.25	-38.6%
Accounts Receivable				
1210.1 · ACCOUNTS RECEIVABLE	81,938.57	84,490.74	-2,552.17	-3.02%
1210.2 · ALLOWANCE FOR BAD DEBTS-SBCF	-1,354.17	-1,478.86	124.69	-8.43%
1220 · EMERGENCY LOANS RECEIVABLE	630.00	1,880.00	-1,250.00	-66.49%
1230 · OTHER LOANS RECEIVABLE	1,184.30	1,732.88	-548.58	-31.66%
Total Accounts Receivable	82,398.70	86,624.76	-4,226.06	-4.88%
Other Current Assets				
1310.1 · COUNTY INVESTMENT POOL	573,050.67	626,860.48	-53,809.81	-8.58%
1310.2 · INVEST. MARKET TO MARKET ADJ.	-29.30	-2,159.96	2,130.66	-98.64%
Total Other Current Assets	573,021.37	624,700.52	-51,679.15	-8.27%
Total Current Assets	679,393.94	750,369.40	-70,975.46	-9.46%
Fixed Assets				
1500 · FIXED ASSETS	3,810.88	5,286.04	-1,475.16	-27.91%
Total Fixed Assets	3,810.88	5,286.04	-1,475.16	-27.91%
TOTAL ASSETS	**683,204.82**	**755,655.44**	**-72,450.62**	**-9.59%**
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
2010 · ACCOUNTS PAYABLE	5,158.34	8,108.37	-2,950.03	-36.38%
Total Accounts Payable	5,158.34	8,108.37	-2,950.03	-36.38%
Other Current Liabilities				
2020 · EMERGENCY LOAN FUND	9,348.95	9,898.95	-550.00	-5.56%
2030 · OTHER LOANS	6,124.00	6,124.00	0.00	0.0%
2040 · OTHER FUNDS PAYABLE	3,735.13	3,687.06	48.07	1.3%
2050 · CLUBS	78,606.66	89,255.17	-10,648.51	-11.93%
2060 · TRUSTS	199,019.38	240,158.42	-41,139.04	-17.13%
Total Other Current Liabilities	296,834.12	349,123.60	-52,289.48	-14.98%
Total Current Liabilities	301,992.46	357,231.97	-55,239.51	-15.46%
Total Liabilities	301,992.46	357,231.97	-55,239.51	-15.46%

ASB CSM
BALANCE SHEET

Equity				
3010 · OPENING BALANCE EQUITY	262,285.95	262,285.95	0.00	0.0%
3020 · RETAINED EARNINGS	114,565.86	132,379.07	-17,813.21	-13.46%
Net Income	4,360.55	3,758.45	602.10	16.02%
Total Equity	381,212.36	398,423.47	-17,211.11	-4.32%
TOTAL LIABILITIES & EQUITY	**683,204.82**	**755,655.44**	**-72,450.62**	**-9.59%**

Associated Students Body
College of San Mateo
Balance Sheet

	Mar 31, 15	Mar 31, 14	$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1000 · CASH AND BANK				
1010 · PETTY CASH	25.00	25.00	0.00	0.0%
1055 · NEW WELLS FARGO-CHECKING	23,948.87	39,019.12	-15,070.25	-38.62%
Total 1000 · CASH AND BANK	23,973.87	39,044.12	-15,070.25	-38.6%
Total Checking/Savings	23,973.87	39,044.12	-15,070.25	-38.6%
Accounts Receivable				
1210.1 · ACCOUNTS RECEIVABLE				
OTHERS	5,937.11	968.03	4,969.08	513.32%
STUDENT REPRESENTATION FEE	4,729.18	5,688.00	-958.82	-16.86%
STUDENT BODY CARD FEE	71,272.28	77,834.71	-6,562.43	-8.43%
Total 1210.1 · ACCOUNTS RECEIVABLE	81,938.57	84,490.74	-2,552.17	-3.02%
1210.2 · ALLOWANCE FOR BAD DEBTS-SBCF	-1,354.17	-1,478.86	124.69	-8.43%
1220 · EMERGENCY LOANS RECEIVABLE	630.00	1,880.00	-1,250.00	-66.49%
1230 · OTHER LOANS RECEIVABLE				
ASCSM VETERANS EMERGENCY LOAN	1,184.30	1,732.88	-548.58	-31.66%
Total 1230 · OTHER LOANS RECEIVABLE	1,184.30	1,732.88	-548.58	-31.66%
Total Accounts Receivable	82,398.70	86,624.76	-4,226.06	-4.88%
Other Current Assets				
1310.1 · COUNTY INVESTMENT POOL	573,050.67	626,860.48	-53,809.81	-8.58%
1310.2 · INVEST. MARKET TO MARKET ADJ.	-29.30	-2,159.96	2,130.66	-98.64%
Total Other Current Assets	573,021.37	624,700.52	-51,679.15	-8.27%
Total Current Assets	679,393.94	750,369.40	-70,975.46	-9.46%
Fixed Assets				
1500 · FIXED ASSETS				
1520.1 · EQUIPMENT				
1520.21 · EQUIPMENT	17,334.55	17,334.55	0.00	0.0%
1520.22 · ACCUM. DEPREC. - EQUIPMENT	-13,523.67	-12,048.51	-1,475.16	12.24%
Total 1520.1 · EQUIPMENT	3,810.88	5,286.04	-1,475.16	-27.91%
Total 1500 · FIXED ASSETS	3,810.88	5,286.04	-1,475.16	-27.91%
Total Fixed Assets	3,810.88	5,286.04	-1,475.16	-27.91%
TOTAL ASSETS	**683,204.82**	**755,655.44**	**-72,450.62**	**-9.59%**

Associated Students Body
College of San Mateo
Balance Sheet

LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
2010 · ACCOUNTS PAYABLE	5,158.34	8,108.37	-2,950.03	-36.38%
Total Accounts Payable	5,158.34	8,108.37	-2,950.03	-36.38%
Other Current Liabilities				
2020 · EMERGENCY LOAN FUND	9,348.95	9,898.95	-550.00	-5.56%
2030 · OTHER LOANS				
FOREIGN STUDENT LOAN	1,524.00	1,524.00	0.00	0.0%
LUCILE KOSHLAND LOAN	4,600.00	4,600.00	0.00	0.0%
Total 2030 · OTHER LOANS	6,124.00	6,124.00	0.00	0.0%
2040 · OTHER FUNDS PAYABLE				
PEACHES WINSTON BOOK FUND	3,735.13	3,687.06	48.07	1.3%
Total 2040 · OTHER FUNDS PAYABLE	3,735.13	3,687.06	48.07	1.3%
2050 · CLUBS				
ALPHA GAMMA SIGMA	88.72	965.07	-876.35	-90.81%
AMER. INST. OF ARCH. STUDENTS	638.79	506.31	132.48	26.17%
ASTRONOMY OUTREACH	146.81	0.00	146.81	100.0%
BUSINESS STUDENTS ASSOC.	2,561.02	2,575.44	-14.42	-0.56%
CHRISTIAN FELLOWSHIP	342.28	342.28	0.00	0.0%
CLUB ACCOUNT RESERVE	30,636.06	32,057.41	-1,421.35	-4.43%
COSMETOLOGY	5,696.21	10,211.11	-4,514.90	-44.22%
DENTAL ASSISTING	90.74	1,324.24	-1,233.50	-93.15%
EOPS	5,760.49	4,610.49	1,150.00	24.94%
FILIPINO CLUB	548.60	335.60	213.00	63.47%
GAY-STRAIGHT ALLIANCE	146.50	146.50	0.00	0.0%
INTERNATIONAL STUDENT CLUB	167.74	442.59	-274.85	-62.1%
LATINOS UNIDOS	717.91	717.91	0.00	0.0%
MMLCDC CHILDCARE	14,173.81	8,244.33	5,929.48	71.92%
NURSING	2,296.79	8,074.51	-5,777.72	-71.56%
OPEN HEART YOGA FAMILY	3,660.60	4,462.75	-802.15	-17.97%
PERFORMANCE DANCE ENSEMBLE	4,066.66	4,973.31	-906.65	-18.23%
PHI THETA KAPPA	5,319.56	7,678.94	-2,359.38	-30.73%
PILATES CLUB	160.00	160.00	0.00	0.0%
PSYCHOLOGY CLUB	200.00	0.00	200.00	100.0%
PUENTE CLUB	21.95	0.00	21.95	100.0%
SCIENCE CLUB	214.48	214.48	0.00	0.0%
SPIRIT LEADING ASSOC.	355.42	603.28	-247.86	-41.09%
THE HONORS PROJECT	0.00	223.25	-223.25	-100.0%
THE WRITERS' PROJECT	140.75	0.00	140.75	100.0%
TRANSFER CLUB	75.48	38.48	37.00	96.15%
THEATRE PRODUCTION CLUB	293.65	261.25	32.40	12.4%
VETERANS ALLIANCE CLUB	85.64	85.64	0.00	0.0%
Total 2050 · CLUBS	78,606.66	89,255.17	-10,648.51	-11.93%

Associated Students Body
College of San Mateo
Balance Sheet

2060 · TRUSTS				
ALUMNI ASSOCIATION	5,792.93	5,792.93	0.00	0.0%
ASCSM AUXILIARY FUND - RESERVE	4,166.81	4,166.81	0.00	0.0%
ASCSM CONFLICT RESOL. TRAINING	2,400.00	2,400.00	0.00	0.0%
ASCSM FURNISHINGS TRUST	2,661.15	2,661.15	0.00	0.0%
ASCSM HEALTH FAIR TRUST	2,500.00	2,500.00	0.00	0.0%
ASCSM LEADERSHIP LIBRARY	265.38	365.38	-100.00	-27.37%
ASCSM SPEC CULTURAL EVENTS/PROG	3,626.40	1,818.35	1,808.05	99.43%
ASCSM VENDING INCOME V.P. TRUST	16,854.56	13,887.36	2,967.20	21.37%
ASCSM VETERANS EMERGENCY LOAN	2,500.00	2,500.00	0.00	0.0%
ATHLETICS TRAVEL TRUST	3,500.00	2,648.03	851.97	32.17%
BUS TOKENS	595.23	1,075.23	-480.00	-44.64%
CALSACC REGION 3	0.00	2,726.59	-2,726.59	-100.0%
CAREER DEVELOPMENT	0.00	5,691.75	-5,691.75	-100.0%
CCCSAA CA COMM COLLEGE	120.56	120.56	0.00	0.0%
CLASSIFIED STAFF EVENTS	2,297.97	1,195.97	1,102.00	92.14%
COLLEGE HOSPITALITY	77.43	384.15	-306.72	-79.84%
COMMENCEMENT-GENERAL FUND	6,000.46	6,000.00	0.46	0.01%
CSM ACCOUNTING TRUST ACCOUNT	791.51	1,402.17	-610.66	-43.55%
CSM COMMUNITY OUTREACH	0.00	517.90	-517.90	-100.0%
CSM TAXATION TRUST FUND	3,829.67	3,829.67	0.00	0.0%
EQUIPMENT/REPLACE RESERVE	2,000.45	1,467.45	533.00	36.32%
JAPAN DISASTER RELIEF	1,527.77	1,527.77	0.00	0.0%
LEADERSHIP PROGRAM & TRAINING	2,740.02	3,403.27	-663.25	-19.49%
LIBRARY	0.00	18,827.10	-18,827.10	-100.0%
LIBRARY TRUST - OPERATING	0.00	653.11	-653.11	-100.0%
MMLCDC-CHILDCARE	8,033.79	7,610.77	423.02	5.56%
MMLCDC CONCERT FUNDRAISER	7,930.60	18,141.10	-10,210.50	-56.28%
ORIENTATION SCHOOL RELATIONS	1,404.19	3,925.74	-2,521.55	-64.23%
PRESIDENT'S HOSPITALITY	799.51	1,999.32	-1,199.81	-60.01%
RESTRICTED CONTINGENCY RESERVE	50,000.00	50,000.00	0.00	0.0%
SAN BRUNO DISASTER RELIEF	998.90	998.90	0.00	0.0%
SCHOLARSHIP - PASS THRU	13,677.07	14,177.07	-500.00	-3.53%
SCHOLARSHIP AWARD CONVOCATION	1,381.46	1,203.22	178.24	14.81%
SPECIAL PROGRAM SUPPORT FUND	4,099.64	638.89	3,460.75	541.68%
STUDENT CENTER FUND	1,881.52	3,148.31	-1,266.79	-40.24%
STUDENT REPRESENTATION FEE	2,420.98	506.82	1,914.16	377.68%
STUDENT SERVICES SCHOLARSHIP	0.00	6,844.35	-6,844.35	-100.0%
STUDENT SVCS. PROF. DEVELOPMENT	5.28	93.55	-88.27	-94.36%
TRUST ACCOUNTS RESERVE	23,392.02	23,774.15	-382.13	-1.61%
VENDING RESERVE	13,300.00	14,100.00	-800.00	-5.67%
VPSS CONTINGENCY FUND	958.85	970.05	-11.20	-1.16%
WELCOME DAY	3,524.27	3,500.48	23.79	0.68%
2060 · TRUSTS - Other	963.00	963.00	0.00	0.0%
Total 2060 · TRUSTS	199,019.38	240,158.42	-41,139.04	-17.13%
Total Other Current Liabilities	296,834.12	349,123.60	-52,289.48	-14.98%
Total Current Liabilities	301,992.46	357,231.97	-55,239.51	-15.46%
Total Liabilities	301,992.46	357,231.97	-55,239.51	-15.46%

Associated Students Body
College of San Mateo
Balance Sheet

Equity				
3010 · OPENING BALANCE EQUITY	262,285.95	262,285.95	0.00	0.0%
3020 · RETAINED EARNINGS	114,565.86	132,379.07	-17,813.21	-13.46%
Net Income	4,360.55	3,758.45	602.10	16.02%
Total Equity	381,212.36	398,423.47	-17,211.11	-4.32%
TOTAL LIABILITIES & EQUITY	**683,204.82**	**755,655.44**	**-72,450.62**	**-9.59%**

ASB - CSM
INCOME STATEMENT

	Jul '14 - Mar 15	Jul '13 - Mar 14	$ Change	% Change
Ordinary Income/Expense				
Income				
4000 · INCOME				
4020 · ATM	903.50	843.00	60.50	7.18%
4050 · MISCELLANEOUS	452.88	0.00	452.88	100.0%
4070 · SPACE RENTAL-VENDOR	0.00	1,270.00	-1,270.00	-100.0%
4080 · STUDENT BODY CARD	74,444.00	78,920.00	-4,476.00	-5.67%
4090 · VENDING-ACTION	10,788.04	6,989.62	3,798.42	54.34%
4091 · VENDING-PEPSI	7,761.79	4,880.97	2,880.82	59.02%
Total 4000 · INCOME	94,350.21	92,903.59	1,446.62	1.56%
Total Income	94,350.21	92,903.59	1,446.62	1.56%
Expense				
5000 · EXPENSES				
5010 · AWARDS & SCHOLARSHIPS	-1,000.00	23.44	-1,023.44	-4,366.21%
5020 · BAD DEBTS	-243.41	-263.04	19.63	-7.46%
5031 · CLUB ASSISTANCE/ICC	11,545.42	10,317.30	1,228.12	11.9%
5032 · COLLEGE PROGRAM ASSISTANCE	4,862.89	3,677.09	1,185.80	32.25%
5033 · CONFERENCE	11,373.86	15,192.26	-3,818.40	-25.13%
5040 · DEPRECIATION	1,106.37	1,106.37	0.00	0.0%
5050 · ETHNIC CULTURAL AFFAIRS	4,177.00	5,601.04	-1,424.04	-25.43%
5080 · HOSPITALITY	443.80	605.04	-161.24	-26.65%
5130 · MISCELLANEOUS	0.00	83.95	-83.95	-100.0%
5140 · OFFICE SUPPLIES	1,582.74	1,288.21	294.53	22.86%
5145 · OPERATION	3,134.94	4,897.03	-1,762.09	-35.98%
5147 · PRINTING	0.00	1,432.47	-1,432.47	-100.0%
5150 · PROGRAMS	13,668.63	17,767.61	-4,098.98	-23.07%
5151 · PUBLICITY	4,947.46	6,013.40	-1,065.94	-17.73%
5170 · RECREATION/GAMES	0.00	399.53	-399.53	-100.0%
5181 · SMALL F.F. & EQUIP	0.00	3,300.04	-3,300.04	-100.0%
5182 · STUDENT ACTIVITY CARD	1,918.97	2,264.75	-345.78	-15.27%
5183 · STUDENT ASSISTANT-SALARY	16,822.50	15,923.00	899.50	5.65%
5184 · STUDENT ASSISTANT-BENEFITS	166.56	159.05	7.51	4.72%
Total 5000 · EXPENSES	74,507.73	89,788.54	-15,280.81	-17.02%
Total Expense	74,507.73	89,788.54	-15,280.81	-17.02%
Net Ordinary Income	19,842.48	3,115.05	16,727.43	536.99%
Other Income/Expense				
Other Income				
6000 · OTHER INCOMES				
6010 · INTEREST	3,067.90	12,513.99	-9,446.09	-75.48%
Total 6000 · OTHER INCOMES	3,067.90	12,513.99	-9,446.09	-75.48%
Total Other Income	3,067.90	12,513.99	-9,446.09	-75.48%
Other Expense				
7000 · OTHER EXPENSES				
7020 · VENDING INC. EXP TO V.P. TRUST	18,549.83	11,870.59	6,679.24	56.27%
Total 7000 · OTHER EXPENSES	18,549.83	11,870.59	6,679.24	56.27%
Total Other Expense	18,549.83	11,870.59	6,679.24	56.27%
Net Other Income	-15,481.93	643.40	-16,125.33	-2,506.27%
Net Income	**4,360.55**	**3,758.45**	**602.10**	**16.02%**

Associated Students of College of San Mateo
3rd Quarter Report, January 2015 – March 2015

The Associated Students of College of San Mateo (ASCSM) has had a productive first half of the fall 2015 semester. ASCSM has been able to successfully continue to participate in college governance and has been to create a lively and entertaining campus atmosphere for CSM student, faculty, staff, and administrators. Some of the highlights for the first half of the fall 2014 semester are:

Ongoing Activities

In addition to participating in their weekly Student Senate meetings, the members of the ASCSM have also been actively involved with each of their standing committees, including the Academic Enhancement Committee, the Finance & Administration Committee, the Programs & Services Committee, the Public Relations Committee, the Inter Club Council, and the Legislative & Governmental Affairs Committee.

Members of the ASCSM Student Senate continued to participate in College and District governance committees. At the College level, student leaders are attending numerous committee meetings, including the College Council, Faculty Academic Senate, Committee on Instruction, Enrollment Management Committee, Diversity in Action Group, College Auxiliary Services Advisory Committee and the College Assessment Committee. At the District level, students are also involved in the District Shared Governance Council, the District Committee on Budget & Finance, the District Auxiliary Services Advisory Committee and the District Student Council. Additionally, representatives of the Student Senate have been involved with the college's planning process for new construction.

The ASCSM, in cooperation with the Center for Student Life and Leadership continued to issue credit card style Student and Staff ID Cards to the College community. To date, the AS has issued thousands of ID Cards to Students, Faculty, Staff and Administrators.

To further increase the value of the CSM ID Card, the ASCSM has continued to expand and sponsor the Merchant Discount Program. This program provides a list of discount opportunities available to students, faculty, staff and administrators at on-campus AS-sponsored events, club events, local merchants, national chains and on the Internet, and includes movie theaters, restaurants, museums, art galleries, travel agencies and cultural centers.

Events and Activities:

January 2015:

- ASCSM: Winter Retreat, Jan. 16th -18th

February 2014:

- ASCSM: Reboot Week, Feb. 2nd- 5th
- ASCSM: Valentines Day Event, Feb 12th
- GSA: Informational Meeting, Feb. 25th

March 2014:

- PTK: Orientation, Mar. 2nd & 3rd
- ASCSM: ICC Club Fair, Mar 4th & 5th
- ASCSM: St. Patrick's Day Social, Mar 17th
- EOPS: Fundraiser, Mar 3rd – 18th
- AGS: Spam Musubi Sale Fundraiser, Mar 11th
- PDE: Master Class with Robert Dekkers Dance Workshop, Mar. 12th
- ASCSM: Washington DC Trip/USSA Conference, Mar. 25th – 29th

ASB SKYLINE
BALANCE SHEET

	Mar 31, 15	Mar 31, 14	$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1000 · CASH AND BANK	122,550.34	44,643.15	77,907.19	174.51%
Total Checking/Savings	122,550.34	44,643.15	77,907.19	174.51%
Accounts Receivable				
1210.2 · ALLOWANCE FOR BAD DEBTS	-3,977.14	-3,977.14	0.00	0.0%
1220 · EMERGENCY LOANS RECEIVABLE	-153.00	-153.00	0.00	0.0%
Total Accounts Receivable	-4,130.14	-4,130.14	0.00	0.0%
Other Current Assets				
1210.1 · ACCOUNT RECEIVABLE SKYLINE	105,110.53	131,113.01	-26,002.48	-19.83%
1310 · COUNTY INVESTMENT CONTROL	825,351.13	875,691.57	-50,340.44	-5.75%
1310.2 · MARK TO MARKET	-42.30	-2,977.52	2,935.22	-98.58%
Total Other Current Assets	930,419.36	1,003,827.06	-73,407.70	-7.31%
Total Current Assets	1,048,839.56	1,044,340.07	4,499.49	0.43%
Fixed Assets				
1500 · FIXED ASSETS	0.00	0.00	0.00	0.0%
Total Fixed Assets	0.00	0.00	0.00	0.0%
TOTAL ASSETS	**1,048,839.56**	**1,044,340.07**	**4,499.49**	**0.43%**
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
2050 · CLUBS	120,051.97	104,933.33	15,118.64	14.41%
2060 · TRUSTS	325,225.67	340,352.38	-15,126.71	-4.44%
Total Other Current Liabilities	445,277.64	445,285.71	-8.07	-0.0%
Total Current Liabilities	445,277.64	445,285.71	-8.07	-0.0%
Total Liabilities	445,277.64	445,285.71	-8.07	-0.0%
Equity				
3010 · Opening Bal Equity	339,659.55	339,659.55	0.00	0.0%
3020 · Retained Earnings	256,439.53	253,869.01	2,570.52	1.01%
Net Income	7,462.84	5,525.80	1,937.04	35.05%
Total Equity	603,561.92	599,054.36	4,507.56	0.75%
TOTAL LIABILITIES & EQUITY	**1,048,839.56**	**1,044,340.07**	**4,499.49**	**0.43%**

Associated Students Body
Skyline College
Balance Sheet

	Mar 31, 15	Mar 31, 14	$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1000 · CASH AND BANK				
1010 · PETTY CASH	25.00	25.00	0.00	0.0%
1050.1 · NEW WELLS FARGO CHECKING	122,525.34	44,618.15	77,907.19	174.61%
Total 1000 · CASH AND BANK	122,550.34	44,643.15	77,907.19	174.51%
Total Checking/Savings	122,550.34	44,643.15	77,907.19	174.51%
Accounts Receivable				
1210.2 · ALLOWANCE FOR BAD DEBTS	-3,977.14	-3,977.14	0.00	0.0%
1220 · EMERGENCY LOANS RECEIVABLE	-153.00	-153.00	0.00	0.0%
Total Accounts Receivable	-4,130.14	-4,130.14	0.00	0.0%
Other Current Assets				
1210.1 · ACCOUNT RECEIVABLE SKYLINE				
INTEREST RECEIVABLE	2,564.84	2,564.84	0.00	0.0%
STUDENT BODY CARD RECEIVABLE	82,534.51	88,964.25	-6,429.74	-7.23%
STUDENT REP FEE RECEIVABLE	13,153.10	14,422.68	-1,269.58	-8.8%
STUDENT UNION FEE RECEIVABLE	0.00	19,903.00	-19,903.00	-100.0%
VENDING - NORTH COUNTY	4,863.19	3,766.85	1,096.34	29.11%
VENDING - PEPSI	1,994.89	1,491.39	503.50	33.76%
Total 1210.1 · ACCOUNT RECEIVABLE SKYLINE	105,110.53	131,113.01	-26,002.48	-19.83%
1310 · COUNTY INVESTMENT CONTROL				
1310.1 · COUNTY INVESTMENT POOL	494,193.43	488,141.12	6,052.31	1.24%
1310.11 · UNION BANK DAILY DEP CONTROL	339,811.60	396,204.35	-56,392.75	-14.23%
1310 · COUNTY INVESTMENT CONTROL - Other	-8,653.90	-8,653.90	0.00	0.0%
Total 1310 · COUNTY INVESTMENT CONTROL	825,351.13	875,691.57	-50,340.44	-5.75%
1310.2 · MARK TO MARKET	-42.30	-2,977.52	2,935.22	-98.58%
Total Other Current Assets	930,419.36	1,003,827.06	-73,407.70	-7.31%
Total Current Assets	1,048,839.56	1,044,340.07	4,499.49	0.43%
Fixed Assets				
1500 · FIXED ASSETS				
1520.1 · EQUIPMENT				
1510.21 · EQUIPMENT	82,245.05	82,245.05	0.00	0.0%
1520.22 · ACC DEPR - EQUIP	-79,544.50	-79,544.50	0.00	0.0%
Total 1520.1 · EQUIPMENT	2,700.55	2,700.55	0.00	0.0%
1500 · FIXED ASSETS - Other	-2,700.55	-2,700.55	0.00	0.0%
Total 1500 · FIXED ASSETS	0.00	0.00	0.00	0.0%
Total Fixed Assets	0.00	0.00	0.00	0.0%
TOTAL ASSETS	**1,048,839.56**	**1,044,340.07**	**4,499.49**	**0.43%**
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
2050 · CLUBS				
CLUBS - CHARTERED				
ADMINISTRATION OF JUSTICE CLUB	944.46	944.46	0.00	0.0%
AMSA (PreMed)	240.08	240.08	0.00	0.0%
ANTHROPOLOGY CLUB	1,408.98	1,539.33	-130.35	-8.47%
ASSOCIATION OF INNOVATIVE MINDS	1,000.00	0.00	1,000.00	100.0%
AUTO TECH	4,642.39	4,142.39	500.00	12.07%
BLACK STUDENT UNION	1,252.16	752.16	500.00	66.48%

Associated Students Body
Skyline College
Balance Sheet

CAREER ADVANCEMENT ASSOC	27.08	523.00	-495.92	-94.82%
CERAMICS CLUB	235.65	55.15	180.50	327.29%
CHESS CLUB	267.14	0.00	267.14	100.0%
COSMOTOLOGY CLUB	36,559.14	26,576.99	9,982.15	37.56%
DANCE HONOR'S SOCIETY	5,902.38	4,531.45	1,370.93	30.25%
ENACTUS	1,923.00	1,523.00	400.00	26.26%
ENVIRONMENTAL CLUB	2,398.90	2,398.90	0.00	0.0%
FILIPINO STUDENT UNION	6,599.98	4,326.42	2,273.56	52.55%
FIRST YEAR EXPERIENCE	46.00	-361.27	407.27	-112.73%
GAY STRAIGHT ALLIANCE	2,859.21	2,859.21	0.00	0.0%
HEART WRENCHERS CAR CLUB	1,080.97	1,263.81	-182.84	-14.47%
HERMANOS ACCOUNTS				
HERMANOS	2,578.85	2,578.85	0.00	0.0%
FOOD BANK ACCOUNT	350.00	350.00	0.00	0.0%
Total HERMANOS ACCOUNTS	2,928.85	2,928.85	0.00	0.0%
HONORS CLUB	313.09	2,170.27	-1,857.18	-85.57%
HOOPS	0.00	2,551.56	-2,551.56	-100.0%
INTL AFFAIRS STUDENT CLUB	500.00	500.00	0.00	0.0%
JOURNALISM CLUB	6,724.41	7,474.41	-750.00	-10.03%
KAPPA BETA DELTA	887.71	466.03	421.68	90.48%
LASO-Latin American Student Org	1,500.13	1,087.49	412.64	37.94%
MODEL UNITED NATIONS	12.45	1,303.12	-1,290.67	-99.05%
PALESTINIAN CLUB	271.00	271.00	0.00	0.0%
PHI THETA KAPPA	4,165.32	2,918.69	1,246.63	42.71%
PHOTO CLUB	1,089.53	1,089.53	0.00	0.0%
PODER/SAFER	1,562.45	1,562.45	0.00	0.0%
PRE-PHARMACY ASSOCIATION	500.00	500.00	0.00	0.0%
PRE-STUDENT OSTEOPATHIC MEDICAL	500.00	500.00	0.00	0.0%
PSYCHOLOGY CLUB	479.17	479.17	0.00	0.0%
RESPIRATORY THERAPY	5,386.24	5,766.97	-380.73	-6.6%
RUNNERS CLUB	57.53	800.09	-742.56	-92.81%
SACNAS	1,887.51	1,399.55	487.96	34.87%
SCIENCE AND RESEARCH CLUB	2,610.46	2,933.46	-323.00	-11.01%
SKYLINE BADMINTON CLUB	1,591.47	970.52	620.95	63.98%
SKYLINE FELLOWSHIP CLUB	370.64	370.64	0.00	0.0%
SKYLINE STUDENT ROUNDTABLE	42.00	42.00	0.00	0.0%
SOCIETY ASIAN SCIENTISTS & ENGI	33.00	33.00	0.00	0.0%
SOCIETY OF WOMEN'S ENGINEER	539.72	500.00	39.72	7.94%
SOCIETY OF HISP. PROF ENGINEERS	1,391.07	1,580.85	-189.78	-12.01%
S.P.A.C.E.	619.21	619.21	0.00	0.0%
SURGICAL TECH CLUB	1,599.65	2,113.44	-513.79	-24.31%
THEATER CLUB	5,705.64	995.71	4,709.93	473.02%
TRIO CLUB	2,161.64	1,317.44	844.20	64.08%
URBAN YOUTH SOCIETY	500.00	500.00	0.00	0.0%
UTAKU NATION	67.50	67.50	0.00	0.0%
VETERANS CLUB	3,569.69	2,103.75	1,465.94	69.68%
WOMEN IN TRANSITION	1,352.23	1,352.23	0.00	0.0%
Total CLUBS - CHARTERED	118,306.83	100,584.01	17,722.82	17.62%
CLUBS - UNCHARTERED				
Classified Senate	1,745.14	4,349.32	-2,604.18	-59.88%
Total CLUBS - UNCHARTERED	1,745.14	4,349.32	-2,604.18	-59.88%
Total 2050 · CLUBS	120,051.97	104,933.33	15,118.64	14.41%

Associated Students Body
Skyline College
Balance Sheet

2060 · TRUSTS				
TRUSTS - ASSC				
ASSC	0.00	367,116.00	-367,116.00	-100.0%
ASSC Fundraising Trust				
RELAY FOR LIFE	6.30	76.30	-70.00	-91.74%
ASSC Fundraising Trust - Other	1,662.69	1,662.69	0.00	0.0%
Total ASSC Fundraising Trust	1,668.99	1,738.99	-70.00	-4.03%
ASSC Scholarship Trust	3,334.39	3,334.39	0.00	0.0%
ATM Fund	1,430.44	1,939.40	-508.96	-26.24%
COLLEGE LECTURE SERIES	127.65	6,936.42	-6,808.77	-98.16%
EDUCATION PROGRAMMING ASSC				
OPEN MIC	1,101.85	1,101.85	0.00	0.0%
VET RESOURCE CENTER	1,152.91	1,152.91	0.00	0.0%
EDUCATION PROGRAMMING ASSC - Other	10,066.27	14,453.65	-4,387.38	-30.36%
Total EDUCATION PROGRAMMING ASSC	12,321.03	16,708.41	-4,387.38	-26.26%
Recreation Trust	22,465.35	22,650.00	-184.65	-0.82%
SOCC Skyline Org & ClubsCouncil	512.58	512.58	0.00	0.0%
Student Representation Fee	107,026.72	105,864.41	1,162.31	1.1%
Student Union Fees	0.00	-352,809.93	352,809.93	100.0%
Total TRUSTS - ASSC	148,887.15	173,990.67	-25,103.52	-14.43%
TRUSTS - NON ASSC				
Alumni Association Trust	143.94	143.94	0.00	0.0%
Baseball Trust	158.50	1,578.75	-1,420.25	-89.96%
Basketball Trust	1,125.30	712.19	413.11	58.01%
Block "S" Society	836.25	1,972.25	-1,136.00	-57.6%
DISABILITY RESOURCE CENTERTrust	16,118.38	16,570.37	-451.99	-2.73%
ECE - EARLY CHILDHOOD DEV	1,026.82	688.02	338.80	49.24%
EOPS Trust	60.46	60.46	0.00	0.0%
Friends of the Gallery Theater	739.25	589.25	150.00	25.46%
GAIN	78.35	78.35	0.00	0.0%
GRADUATION Trust	735.60	1,673.09	-937.49	-56.03%
Honors Award CeremonyTrust(SRAC	2,348.46	2,027.74	320.72	15.82%
LATINOS UNIDOS! (PROFESIONALES)	285.69	285.69	0.00	0.0%
Men's Soccer	0.06	0.06	0.00	0.0%
MESA	464.52	464.52	0.00	0.0%
PERFORMING ARTS				
SPRING MUSICAL	4,805.47	4,204.89	600.58	14.28%
FALL SHOWCASE	2,020.23	1,031.90	988.33	95.78%
PERFORMING ARTS - Other	9,968.27	9,968.27	0.00	0.0%
Total PERFORMING ARTS	16,793.97	15,205.06	1,588.91	10.45%
Retirement Trust	191.17	191.17	0.00	0.0%
SAMTRANS Trust	5,140.76	5,140.76	0.00	0.0%
Scholarship Donation Fund	38,255.60	38,255.60	0.00	0.0%
Skyline Choir	10,374.51	10,791.51	-417.00	-3.86%
SKYLINE COLLEGE BANDS	1,250.00	0.00	1,250.00	100.0%
Skyline College Childrens Ctr.	7,291.08	3,552.97	3,738.11	105.21%
Skyline College Career Trust	4,352.40	4,302.40	50.00	1.16%
Skyline College Health Center	823.90	823.90	0.00	0.0%
Skyline Library Fund	3,462.67	3,661.57	-198.90	-5.43%
Special Events	547.43	547.43	0.00	0.0%
Speech Tournament	2,714.08	2,714.08	0.00	0.0%
Statistical Association	17.88	17.88	0.00	0.0%
Student Life SAO/SLO	10,753.51	9,858.44	895.07	9.08%

Associated Students Body
Skyline College
Balance Sheet

Talisman Trust	655.88	655.88	0.00	0.0%
Telecom Network Association	144.76	144.76	0.00	0.0%
T L C Trust	162.57	162.57	0.00	0.0%
T-Ten Club	573.54	573.54	0.00	0.0%
Vending Commission Trust (Hosp)	40,972.25	34,256.94	6,715.31	19.6%
WOMEN'S BASKETBALL	1,951.19	3,663.95	-1,712.76	-46.75%
Women's Soccer	4,308.40	2,973.12	1,335.28	44.91%
Women's Volleyball	784.62	1,060.27	-275.65	-26.0%
Wrestling	762.99	1,031.45	-268.46	-26.03%
Total TRUSTS - NON ASSC	176,406.74	166,429.93	9,976.81	6.0%
2060 · TRUSTS - Other	-68.22	-68.22	0.00	0.0%
Total 2060 · TRUSTS	325,225.67	340,352.38	-15,126.71	-4.44%
Total Other Current Liabilities	445,277.64	445,285.71	-8.07	-0.0%
Total Current Liabilities	445,277.64	445,285.71	-8.07	-0.0%
Total Liabilities	445,277.64	445,285.71	-8.07	-0.0%
Equity				
3010 · Opening Bal Equity	339,659.55	339,659.55	0.00	0.0%
3020 · Retained Earnings	256,439.53	253,869.01	2,570.52	1.01%
Net Income	7,462.84	5,525.80	1,937.04	35.05%
Total Equity	603,561.92	599,054.36	4,507.56	0.75%
TOTAL LIABILITIES & EQUITY	**1,048,839.56**	**1,044,340.07**	**4,499.49**	**0.43%**

ASB - SKYLINE
INCOME STATEMENT

	Jul '14 - Mar 15	Jul '13 - Mar 14	$ Change	% Change
Ordinary Income/Expense				
Income				
4000 · INCOME				
4010 · ASB GENERAL	-43.32	0.00	-43.32	-100.0%
4065 · RETURNED CHECK FEE - UNION BAN	80.00	80.00	0.00	0.0%
4070 · SPACE RENTAL-VENDOR	950.00	1,434.96	-484.96	-33.8%
4080 · STUDENT BODY CARD	83,784.00	89,536.00	-5,752.00	-6.42%
4090 · VENDING-NORTH COUNTY	9,121.75	7,741.49	1,380.26	17.83%
4091 · VENDING-PEPSI	5,788.33	6,314.80	-526.47	-8.34%
Total 4000 · INCOME	99,680.76	105,107.25	-5,426.49	-5.16%
Total Income	99,680.76	105,107.25	-5,426.49	-5.16%
Expense				
5000 · EXPENSES				
5005 · ASSC PRESIDENT ACCOUNT	18.61	0.00	18.61	100.0%
5031 · CLUB ASSISTANCE/ICC	20,336.07	16,085.38	4,250.69	26.43%
5032 · COLLEGE PROGRAM ASSISTANCE	1,430.00	16,250.00	-14,820.00	-91.2%
5033 · CONFERENCE/RETREAT/TRAINING	19,499.43	12,774.76	6,724.67	52.64%
5130 · MISCELLANEOUS	0.00	2,000.00	-2,000.00	-100.0%
5140 · OFFICE SUPPLIES	6,879.95	6,698.95	181.00	2.7%
5145 · B6 OPERATION	795.02	308.39	486.63	157.8%
5150 · PROGRAMS	24,474.01	35,279.54	-10,805.53	-30.63%
5151 · PUBLICITY	249.23	1,195.89	-946.66	-79.16%
5180 · DONATION	0.00	0.00	0.00	0.0%
5181 · SMALL F.F. & EQUIP	0.00	433.03	-433.03	-100.0%
5183 · STUDENT ASSISTANT-SALARY	23,128.95	20,264.31	2,864.64	14.14%
5184 · STUDENT ASSISTANT-BENEFITS	231.33	202.66	28.67	14.15%
Total 5000 · EXPENSES	97,042.60	111,492.91	-14,450.31	-12.96%
Total Expense	97,042.60	111,492.91	-14,450.31	-12.96%
Net Ordinary Income	2,638.16	-6,385.66	9,023.82	-141.31%
Other Income/Expense				
Other Income				
6000 · OTHER INCOMES				
6010 · INTEREST	4,824.68	11,911.46	-7,086.78	-59.5%
Total 6000 · OTHER INCOMES	4,824.68	11,911.46	-7,086.78	-59.5%
Total Other Income	4,824.68	11,911.46	-7,086.78	-59.5%
Net Other Income	4,824.68	11,911.46	-7,086.78	-59.5%
Net Income	**7,462.84**	**5,525.80**	**1,937.04**	**35.05%**

Associated Students of Skyline College
2014-2015: Budget Report for the 2st Quarter
Summary of Programs and Activities
March 31, 2015

The following is a summary highlighting the events and activities of this quarter.

Participatory Governance

The students continue to serve on the following committees at Skyline College and the District:

- Art on Campus
- Campus Auxiliary Services Advisory Committee
- College Budget Council
- College Council
- Commencement Committee
- Curriculum Committee
- District Auxiliary Services Advisory Committee
- District Budget Committee
- District Participatory Governance Council
- District Strategic Planning
- District Students Council
- Ed Policy committee
- Fresh Look/Webpage Advisory Committee
- Health and Safety Committee
- Institutional Planning
- Program Improvement Viability committee
- Skyline College VPSS Search Committee
- Student Recognition and Awards Program Committee
- Technology Advisory Committee

Student Handbook and Academic Planners

The Student Handbook is only available online in a downloadable format http://www.skylinecollege.edu/centerforstudentlife/studenthandbook.php.

Recruitment of Students

The ASSC continues to encourage student engagement in activities, events, and student government with the help of handouts, flyers, social media, and giveaways to increase participation and attendance. All of the elected positions in the Associated Student of Skyline College Governing Council are currently filled.

Student Identification Cards

The Center for Student Life and Leadership Development continues to produce Student ID Cards for the student body with assistance from the ASSC.

Skyline Organizations and Clubs (SOCC)

The ASSC members always encourage other students to become active on campus by their work through SOCC. They also encourage students who do not find a club that interests them to start their own. This spring, SOCC has one new club: Myanmar American Student Association.

Programs and Events

ASSC Meetings

8/19/14-Present:

ASSC weekly meetings on Tuesdays from 4-6pm

African American Heritage Kick-Off

2/4/15

ASSC hosted a kickoff event for African American history month showing a video behind Black History Month. ASSC also had a trivia contest for students Black History Month calendar giveaways.

Lee Mun Wah

2/10/15

ASSC collaborated with Center for Transformative Teaching and Learning (CTTL) for a special screening of, "If These Walls Could Talk" by Lee Mun Wah internationally renowned Chinese American documentary filmmaker and master diversity trainer. A group discussion facilitated by Lee Mun Wah about race, racism, and other diversity issues on college campuses.

African American Experience Panel

2/19/15:

Professors of Skyline College, Dr. Tony Jackson and Paul Bolick, and students Nicole Harris and Dessaline Douglas were panelist for the African American Experience: A dialogue on Social Justice. This was an opportunity for students to to engage in current issues happening in our communities.

Afia Walking Tree

2/26/15

Students were given the opportunity to play authentic African percussion instruments in a drum circle facilitated by activist and performer, Afia Walking Tree. It was a spectacular closing event to African American Heritage Month

Skyline College Lecture Series: Dr. Joy DeGury

3/5/15:

Dr. Joy DeGruy, internationally renowned researcher, educator and author of Post Traumatic Slave Syndrome. Dr DeGruy discussed the topic of the legacy of slavery, the taboo around the word, and the deeply rooted effects of slavery and its surrounding institutions that still deeply impact the African American community to this day.

Women's Panel

3/17/15:

Faculty and staff members, Linda Allen, Lezra Chenportillo, Katherine Harer, and Soledad McCarthy were panelist on the topic of on gender equality and social justice for women, in light of Women's History month.

Lantern Festival

3/19/15:

Students had the opportunity to write their New Year wishes in Chinese and also received Chinese New Year lucky red envelopes for good luck and good fortune.

Spring Club Rush

3/12/15:

ASSC hosted to Spring Club Rush with over 20 clubs in the Quad. Members of student groups and community volunteer organizations distributed information and recruited new members and volunteers.

Skyline College Lecture Series: Dolores Huerta

3/18/15:

A civil rights activist who has battled against inequity for over 50 years taking especially strong stands for unions, workers, immigrants, women, and the LGBTQ community. She also co-founded the United Farm Workers with Cesar Chavez in 1962.

President's Breakfast

3/19/15:

A fund raising event for Skyline College Presidents innovation Fund held at South San Francisco's Conference Center. ASSC was a sponsor for the President's Innovation Fund to help put innovative projects and programs into action. Entertainment was provided by students of the Skyline College Theater to promote their new play, Grease.

Cesar Chavez

3/31/15:

The Cesar E. Chavez Commemorative luncheon was to celebrate leadership and accomplishments of Cesar Chavez. This year's keynote speaker was Andres Chavez, grandson of Cesar E. Chavez, has participated in many movement activities, including marches, rallies, picket lines, union conventions and political campaigns, including those for immigration reform. The ASSC Commissioner of Publicity, Bryan Palma was the Master of Ceremonies. Luncheon was open to faculty, students, and members of the community.

National Grassroots Legislative Conference

3/25/15 – 3/29/15:

ASSC members participated in leadership workshops and exercises at the United States Student Association in Washington D.C., four ASSC representatives and one advisor attended the LegCon event.

If you need additional information please contact:

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SMCCCD - Bookstores Operation
Consolidated Balance Sheet
As of March 31, 2015

	3/31/2015		3/31/2014		Difference	
Assets						
Cash	$ 36,759.61	0.44%	$ 35,148.93	0.44%	$ 1,610.68	4.58%
Investments	4,754,423.56	57.25%	4,985,786.14	62.34%	(231,362.58)	-4.64%
Receivables	307,806.61	3.71%	310,773.55	3.89%	(2,966.94)	-95.00%
Inventories & Prepaid Items	3,198,918.31	38.52%	2,646,560.79	33.09%	552,357.52	20.87%
Fixed Assets & Accum Depreciation	6,686.67	0.08%	19,133.71	0.24%	(12,447.04)	-65.05%
Total Assets	**$ 8,304,594.76**	**100.00%**	**$ 7,997,403.12**	**100.00%**	**$ 307,191.64**	**3.84%**
Liabilities						
Current Liabilities	$ (47,991.03)	-81.12%	$ 212,994.57	72.09%	$ (260,985.60)	-122.53%
Salaries & Benefits Payable	-	0%	-	0%	-	0%
Other Current Liabilities	107,150.47	181.12%	82,476.65	27.91%	24,673.82	29.92%
Total Liabilities	**$ 59,159.44**	**-100.00%**	**$ 295,471.22**	**-100.00%**	**$ (236,311.78)**	**79.98%**
Equity						
Contributed Capital	$ -	0.00%	$ -	0.00%	$ -	0.00%
Retained Earnings	7,636,581.26	100.00%	7,249,115.40	100.00%	115,841.92	1.62%
Prior Years Adjustment	-	0.00%	-	0.00%	-	0.00%
Total Equity	**$ 7,636,581.26**	**100.00%**	**$ 7,249,115.40**	**100.00%**	**$ 115,841.92**	**1.62%**
Year to Date Net Profit (Loss)	**$ 608,854.06**	**7.33%**	**$ 452,816.50**	**5.66%**	**$ 156,037.56**	**34.46%**
Total Liabilities & Fund Equity	**$ 8,304,594.76**	**100.00%**	**$ 7,997,403.12**	**100.00%**	**$ 307,191.64**	**3.84%**

San Mateo College District Bookstores Operation
March 2015 -YTD Summary Income Statement
For Period Ending March 31, 2015

	YTD 03-31-15		YTD 03-31-14		Difference	
Income						
Sales	$ 5,490,795.40	100%	$ 5,920,886.78	100%	$ (430,091.38)	7.26-%
Cost of Sales	(3,280,007.95)	59.74-%	(3,903,137.82)	-66%	623,129.87	16%
Gross Margin	**$ 2,210,787.45**	**40%**	**$ 2,017,748.96**	**34%**	**$ 193,038.49**	**10%**
Salaries & Benefits	$ 1,685,351.92	76%	$ 1,564,154.77	75%	$ 121,197.15	8%
Other Inventory Expenses	243,603.18	11%	266,358.63	13%	(22,755.45)	8.54-%
Other Service Expenses	45,052.74	2%	21,095.31	1%	23,957.43	114%
Travel & Mileage Expenses	4,276.38	0%	1,068.25	0%	3,208.13	300%
Dues & Membership	4,514.00	0%	3,910.50	0%	603.50	15%
Insurance Expense	5,400.00	0%	5,400.00	0%	-	0%
Utilities	28,042.74	1%	29,500.17	1%	(1,457.43)	4.94-%
Equipment Maintenance & Rental	39,800.34	2%	32,634.74	2%	7,165.60	22%
Legal, Audit & Bad Debt Expenses	16,128.49	1%	(33.17)	0%	16,161.66	1000%
Other Operating Expenses	138,103.09	6%	162,218.64	8%	(24,115.55)	14.87-%
Total Operating Expenses	**$ 2,210,272.88**	**40%**	**$ 2,086,307.84**	**35%**	**$ 123,965.04**	**6%**
Other Income	**$ 646,216.87**	**100%**	**$ 585,502.19**	**100%**	**$ 60,714.68**	**10%**
Total Other Income	**$ 646,216.87**	**12%**	**$ 585,502.19**	**10%**	**$ 60,714.68**	**10%**
Net Operation Profit (Loss)	**$ 646,731.44**	**12%**	**$ 516,943.31**	**9%**	**$ 129,788.13**	**25%**
Non Operational Income/Expenses						
Non Operational Income						
In-Kind Donation Received	$ 69,397.45	0%	$ 53,324.55	0%	$ 16,072.90	30%
Non Operational Expense						
Salaries - Dist Admin	$ 22,249.35	13%	$ 20,720.54	12%	$ 1,528.81	7%
Salaries - Dist Supervisor	14,420.62	8%	13,591.53	8%	829.09	6%
Salaries - Dist Student	-	0%	-	0%	-	0%
Benefits - All Dist Staff	12,165.93	7%	9,815.43	6%	2,350.50	24%
Rent Expense	50,670.00	29%	50,670.00	30%	-	0%
Donations	7,768.93	4%	22,653.86	13%	(14,884.93)	65.71-%
Investments - FMV Adjustments	-	0%	-	0%	-	0%
Total Non Operational Income/Expenses	**$ 37,877.38**	**1%**	**$ 64,126.81**	**1%**	**$ (26,249.43)**	**40.93-%**
Net Income	**$ 608,854.06**	**11%**	**$ 452,816.50**	**8%**	**$ 156,037.56**	**34%**

San Mateo College District Bookstores Operations
March 2015 -YTD Detail Income Statement
For Period Ending March 31, 2015

	YTD 03-31-15		YTD 03-31-14		Difference	
Income						
Income - Books	$ 3,346,593.48	0%	$ 3,693,333.96	0%	$ (346,740.48)	0%
Income - Supplies	458,391.96	0%	443,852.88	0%	14,539.08	0%
Income - Food & Beverages	1,226,719.88	0%	1,252,288.63	0%	(25,568.75)	0%
Income - Electronics	102,986.82	0%	136,361.88	0%	(33,375.06)	0%
Income - Gifts	88,473.38	0%	98,895.47	0%	(10,422.09)	0%
Income - Sundries	11,161.34	0%	12,350.15	0%	(1,188.81)	0%
Income - Production Services	256,506.14	0%	283,674.09	0%	(27,167.95)	0%
Sales Over/Short Adjustment	(37.60)	0%	129.72	0%	(167.32)	0%
Total Gross Sales	**$ 5,490,795.40**	**0%**	**$ 5,920,886.78**	**0%**	**$ (430,091.38)**	**0%**
Cost of Goods Sold						
COGS - Books	$ (2,129,433.41)	0%	$ (2,646,355.69)	0%	$ 516,922.28	0%
COGS - Supplies	(288,767.00)	0%	(265,740.48)	0%	(23,026.52)	0%
COGS - Food & Beverages	(654,766.08)	0%	(683,104.08)	0%	28,338.00	0%
COGS - Electronics	(80,326.65)	0%	(115,969.09)	0%	35,642.44	0%
COGS - Gifts	(49,848.65)	0%	(64,306.54)	0%	14,457.89	0%
COGS - Sundries	(6,313.36)	0%	(7,353.69)	0%	1,040.33	0%
COGS - Production Services	(70,552.80)	0%	(120,308.25)	0%	49,755.45	0%
Total Cost of Goods Sold	**$ (3,280,007.95)**	**0%**	**$ (3,903,137.82)**	**0%**	**$ 623,129.87**	**0%**
Gross Profit	**$ 2,210,787.45**	**0%**	**$ 2,017,748.96**	**0%**	**$ 193,038.49**	**0%**
Salary and Benefits						
Salaries & Benefits						
Salaries - Administrative	$ 48,459.60	0%	$ 47,816.93	0%	$ 642.67	0%
Salaries - Supervisor	227,591.00	0%	278,209.75	0%	(50,618.75)	0%
Salaries - Classified	596,404.08	0%	498,030.13	0%	98,373.95	0%
Salaries - Students	382,434.37	0%	379,850.29	0%	2,584.08	0%
Salaries - Shrt Term Hourly	49,955.63	0%	41,527.84	0%	8,427.79	0%
Accrued Vacation Exp-Supervisor	-	0%	-	0%	-	0%
Accrued Vacation Exp-Classified	-	0%	-	0%	-	0%
Benefits - All Stores	380,507.24	0%	318,719.83	0%	61,787.41	0%
Total Salary & Benefits	**$ 1,685,351.92**	**0%**	**$ 1,564,154.77**	**0%**	**$ 121,197.15**	**0%**
Other Inventory Expenses						
Freight In	$ 160,624.78	0%	$ 164,285.41	0%	$ (3,660.63)	0%
Service Fees Expense	830.12	0%	9,652.69	0%	(8,822.57)	0%
CRV Tax Paid	6,890.64	0%	7,011.79	0%	(121.15)	0%
Buyback Expense	2,482.75	0%	-	0%	2,482.75	0%
Invoice Balancing Over/Short	244.24	0%	23.21	0%	221.03	0%
Restocking Fees	396.11	0%	849.81	0%	(453.70)	0%
Imprint Fees	45,669.34	0%	55,454.04	0%	(9,784.70)	0%
Shrinkage Expense	26,465.20	0%	29,081.68	0%	(2,616.48)	0%
Total Other Inventory Expenses	**$ 243,603.18**	**0%**	**$ 266,358.63**	**0%**	**$ (22,755.45)**	**0%**

Other Service Expenses										
Computer System Support - Software	$	15,848.83	0%	$	6,574.33	0%	$	9,274.50	0%	
Computer System Support - Hardware		10,853.94	0%		-	0%		10,853.94	0%	
Training Fees		-	0%		-	0%		-	0%	
Contract Personnel		4,808.89	0%		1,941.38	0%		2,867.51	0%	
Armored Car Service		13,541.08	0%		12,579.60	0%		961.48	0%	
Security System Service		-	0%		-	0%		-	0%	
Total Other Service Expenses	**$**	**45,052.74**	**0%**	**$**	**21,095.31**	**0%**	**$**	**23,957.43**	**0%**	
Travel & Mileage Expenses										
Conference Expense	$	1,360.30	0%	$	867.37	0%	$	492.93	0%	
Conference Fees Out of State		2,052.88	0%		-	0%		2,052.88	0%	
Travel Expenses		491.96	0%		-	0%		491.96	0%	
Mileage		371.24	0%		200.88	0%		170.36	0%	
Total Travel & Mileage Expenses	**$**	**4,276.38**	**0%**	**$**	**1,068.25**	**0%**	**$**	**3,208.13**	**0%**	
Dues & Membership Expenses										
Dues & Membership	$	4,514.00	0%	$	3,910.50	0%	$	603.50	0%	
Total Dues & Membership	**$**	**4,514.00**	**0%**	**$**	**3,910.50**	**0%**	**$**	**603.50**	**0%**	
Insurance Expense										
Insurance Expense	$	5,400.00	0%	$	5,400.00	0%	$	-	0%	
Total Insurance Expense	**$**	**5,400.00**	**0%**	**$**	**5,400.00**	**0%**	**$**	**-**	**0%**	
Utilities										
Utilities - Gas	$	4,080.66	0%	$	3,705.29	0%	$	375.37	0%	
Utilities - Electric		14,859.59	0%		15,410.91	0%		(551.32)	0%	
Utilities - Water		4,155.56	0%		5,210.87	0%		(1,055.31)	0%	
Utilities - Phone		-	0%		-	0%		-	0%	
Utilities - Garbage		4,946.93	0%		5,173.10	0%		(226.17)	0%	
Total Utilities	**$**	**28,042.74**	**0%**	**$**	**29,500.17**	**0%**	**$**	**(1,457.43)**	**0%**	
Equipment Maintenance & Rental										
Equipment - Non Inventory	$	7,086.00	0%	$	2,884.28	0%	$	4,201.72	0%	
Repairs & Maint Contract Equip		4,787.52	0%		10,656.41	0%		(5,868.89)	0%	
Contract Misc Services		27,926.82	0%		19,094.05	0%		8,832.77	0%	
Total Equipment Maintenance & Rental	**$**	**39,800.34**	**0%**	**$**	**32,634.74**	**0%**	**$**	**7,165.60**	**0%**	
Legal, Audit & Bad Debt Expense										
Audits	$	400.00	0%	$	405.00	0%	$	(5.00)	0%	
Bad Debt - Customer		104.26	0%		-	0%		104.26	0%	
Bad Debt - Vendor		15,624.23	0%		(438.17)	0%		16,062.40	0%	
Total Legal, Audit & Bad Debt Expense	**$**	**16,128.49**	**0%**	**$**	**(33.17)**	**0%**	**$**	**16,161.66**	**0%**	
Other Operating Expenses										
Depreciation	$	7,569.00	0%	$	15,345.00	0%	$	(7,776.00)	0%	
Fixed Asset Disposal		-	0%		-	0%		-	0%	
Postage		248.65	0%		97.98	0%		150.67	0%	
Store & Office Use Supplies		20,039.92	0%		35,738.22	0%		(15,698.30)	0%	
Advertising		10.66	0%		215.60	0%		(204.94)	0%	
Credit Card Commissions		104,424.72	0%		104,974.02	0%		(549.30)	0%	
Bank Charges - Returned Checks		-	0%		-	0%		-	0%	
Bank Charges - Other		5,136.08	0%		5,491.04	0%		(354.96)	0%	
Miscellanceous Expenses		674.06	0%		356.78	0%		317.28	0%	
Other Operating Expenses		-	0%		-	0%		-	0%	
Total Other Operating Expenses	**$**	**138,103.09**	**0%**	**$**	**162,218.64**	**0%**	**$**	**(24,115.55)**	**0%**	
Total Operating Expenses	**$**	**2,210,272.88**	**0%**	**$**	**2,086,307.84**	**0%**	**$**	**123,965.04**	**0%**	

Other Income								
Interest Income	$ 99,349.64	0%	$ 96,903.01	0%	$ 2,446.63	0%		
Commission Income	8,666.46	0%	9,665.30	0%	(998.84)	0%		
Miscellaneous Income	12,310.45	0%	32,613.77	0%	(20,303.32)	0%		
Catalog Income	164.00	0%	286.00	0%	(122.00)	0%		
Shipping & Postage Income	16,092.49	0%	13,619.50	0%	2,472.99	0%		
Stamp Income	203.06	0%	783.37	0%	(580.31)	0%		
Ticket Sales Income	775.00	0%	(976.00)	0%	1,751.00	0%		
LTO Interest Income	3,302.98	0%	2,554.08	0%	748.90	0%		
Calif Recycle Fee Collected	-	0%	-	0%	-	0%		
NG Check Fee Collected	92.30	0%	20.25	0%	72.05	0%		
NG Check Collection	-	0%	-	0%	-	0%		
Late Rental Return Fee	18,983.48	0%	21,025.61	0%	(2,042.13)	0%		
Photocopy Fee	4,280.78	0%	189.09	0%	4,091.69	0%		
Textbook Re-wrap Fee	135.04	0%	100.50	0%	34.54	0%		
Return Restocking Fee	8,600.79	0%	11,413.19	0%	(2,812.40)	0%		
VA Handling Fee	-	0%	18.98	0%	(18.98)	0%		
Textbook Rental Fee	384,201.13	0%	315,092.56	0%	69,108.57	0%		
First Five Rental Fee	84,962.50	0%	80,531.34	0%	4,431.16	0%		
Supplies Rental Fee (Funded)	-	0%	(20.00)	0%	20.00	0%		
Supplies Rental Fee (Store)	-	0%	-	0%	-	0%		
Computer Rental Fee	2,815.99	0%	-	0%	2,815.99	0%		
Grad Announcement Fee	-	0%	-	0%	-	0%		
Notary Fee	10.00	0%	-	0%	10.00	0%		
Grad Rental Income	-	0%	-	0%	-	0%		
Closeout Books	142.21	0%	217.11	0%	(74.90)	0%		
Fax Fee Income	112.75	0%	138.05	0%	(25.30)	0%		
Consignment Sales	-	0%	-	0%	-	0%		
Vendor Discounts	1,015.82	0%	1,326.48	0%	(310.66)	0%		
Total Other Income	**$ 646,216.87**	**0%**	**$ 585,502.19**	**0%**	**$ 60,714.68**	**0%**		
Net Operation Profit (Loss)	**$ 646,731.44**	**0%**	**$ 516,943.31**	**0%**	**$ 129,788.13**	**0%**		
Non Operational Income/Expenses								
Non Operational Income								
In-Kind Donation Received	$ 69,397.45	0%	$ 53,324.55	0%	$ 16,072.90	0%		
Non Operational Expenses								
Salaries - District Admin	$ 22,249.35	0%	$ 20,720.54	0%	$ 1,528.81	0%		
Salaries - Dist Supervisor	14,420.62	0%	13,591.53	0%	829.09	0%		
Salaries - Dist Students	-	0%	-	0%	-	0%		
Benefits - All Dist Staff	12,165.93	0%	9,815.43	0%	2,350.50	0%		
Rent Expense	50,670.00	0%	50,670.00	0%	-	0%		
Donations	7,768.93	0%	22,653.86	0%	(14,884.93)	0%		
Depreciation Expense - Rental Text	-	0%	-	0%	-	0%		
Total Non Operational Income/Expenses	**$ 37,877.38**	**0%**	**$ 64,126.81**	**0%**	**$ (26,249.43)**	**0%**		
Net Income/(Loss)	**$ 608,854.06**	**0%**	**$ 452,816.50**	**0%**	**$ 156,037.56**	**0%**		

DISTRICT CAFETERIAS
Balance Sheet Prev Year Comparison
As of March 31, 2015

	March 31, 15	March 31, 14	$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1100 · CASH & INVESTMENTS				
1112 · INVESTMENTS				
1112.10 · CASH IN COUNTY	467,389	431,357	36,033	8.35%
1112.11 · LAIF	864	862	2	0.18%
1112.12 · MORGAN STANLEY	34,355	36,934	-2,579	100.0%
1112.21 · MARK TO MARKET ADJ	-23	-4,250	4,228	-99.47%
Total 1112 · INVESTMENTS	502,585	464,902	37,683	8.11%
Total 1100 · CASH & INVESTMENTS	502,585	464,902	37,683	8.11%
Total Checking/Savings	502,585	464,902	37,683	8.11%
Accounts Receivable				
1200 · ACCOUNTS RECEIVABLE				
1211 · MISC RECEIVABLE	55,403	23,513	31,889	136%
Total 1200 · ACCOUNTS RECEIVABLE	55,403	23,513	31,889	136%
Total Accounts Receivable	55,403	23,513	31,889	136%
Total Current Assets	557,988	488,416	69,572	14%
Fixed Assets				
1400 · FURNITURE, EQUIPMENT & FIXTURES				
1410 · FURN., FIXTURE & EQUIP	0	0	0	0%
1415 · ACCUMULATED DEPRECIATION	0	0	0	0%
Total 1400 · FURNITURE, EQUIPMENT & FIXTURES	0	0	0	0%
Total Fixed Assets	0	0	0	0%
TOTAL ASSETS	**557,988**	**488,416**	**69,572**	**14%**
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
2116 · SMCCCD PAYABLE	0	18,939	-18,939	-100%
2126 · MISC PAYABLE	6,400	10,968	-4,568	-42%
2600 . DEFERRED REVENUE	6,823	6,854	-31	-0%
Total Accounts Payable	13,223	36,761	-23,538	-64%
Total Current Liabilities	13,223	36,761	-23,538	-64%
Total Liabilities	13,223	36,761	-23,538	-64%
Equity				
3900 · Retained Earnings	456,337	353,375	102,961	29%
Net Income	88,429	98,280	-9,851	-10%
Total Equity	544,765	451,655	93,111	21%
TOTAL LIABILITIES & EQUITY	**557,988**	**488,416**	**69,572**	**14%**

DISTRICT CAFETERIAS
Profit & Loss Prev Year Comparison-Summary Statement
July 2014 through March 2015

	Jul '14 - Mar 15	Jul '13 - Mar 14	$ Change	% Change
Income				
5100 · VENDING INCOME	$ 43,327.66	$ 42,616.49	$ 711.17	1.67%
5200 · FOOD SERVICE INCOME	115,799.35	121,410.45	-5,611.10	-4.62%
5310 · INTEREST INCOME	2,851.27	7,584.29	-4,733.02	-62.41%
5400 · EVENT RENTAL	59,869.10	63,317.17	-3,448.07	-5.45%
Total Income	**$ 221,847.38**	**$ 234,928.40**	**$ (13,081.02)**	**-5.57%**
Expense				
5500 · COLLEGE SUPPORT	$ 44,806.04	$ 42,616.79	$ 2,189.25	5.14%
6000 · SALARIES	33,930.35	36,795.64	-2,865.29	-7.79%
6210 · BENEFITS	6,556.80	6,013.71	543.09	9.03%
6700 · CONTRACTED SERVICES	44,851.49	50,643.62	-5,792.13	-11.44%
6899 · Other Operating Expenses	3,274.00	579.10	2,694.90	465.36%
Total Expense	**$ 133,418.68**	**$ 136,648.86**	**$ (3,230.18)**	**-2.36%**
Net Income	**$ 88,428.70**	**$ 98,279.54**	**$ (9,850.84)**	**-10.02%**

DISTRICT CAFETERIAS

Profit & Loss Prev Year Comparison-Detail Statement

July 2014 through March 2015

	Jan '14 - Mar 15	Jan '13 - Mar 14	$ Change	% Change
Income				
5100 · VENDING INCOME				
5100.6 · VENDING INCOME - ACTION VENDING				
5100.61 · VENDING INCOME - N COUNTY - FOOD	$ -	$ -	$ -	0.0%
5100.62 · VENDING INCOME - COMPASS - FOOD	$ 25,072.54	$ 23,118.58	$ 1,953.96	8.45%
Total 5100.6 · VENDING INCOME - N COUNTY	$ 25,072.54	$ 23,118.58	$ 1,953.96	8.45%
5100.7 · VENDING INCOME - PEPSI				
5100.70 · VENDING COMM CLEARING - PEPSI	$ -	$ 315.50	$ (315.50)	-100.0%
5100.72 · SKY - VENDING INC - PEPSI - BEV	6,824.75	$ 7,736.50	(911.75)	-11.79%
5100.73 · CAN - VENDING INC - PEPSI - BEV	4,594.91	$ 4,689.53	(94.62)	-2.02%
5100.74 · CSM - VENDING INC - PEPSI - BEV	6,835.46	$ 6,756.38	79.08	1.17%
5100.79 · SPECIAL INCOME - PEPSI	-	$ -	-	0.0%
Total 5100.7 · VENDING INCOME - PEPSI	$ 18,255.12	$ 19,497.91	$ (1,242.79)	-6.37%
Total 5100 · VENDING INCOME	**$ 43,327.66**	**$ 42,616.49**	**$ 711.17**	**1.67%**
5200 · FOOD SERVICE INCOME				
5205 · FOOD SERVICE - KJ'S CAFE				
5205.2 · FOOD SERVICE - EL CAPITAN - SKY	$ -	$ -	$ -	0.0%
5205.4 · FOOD SERVICE - DRIP COFFEE CSM	-	$ -	-	0.0%
Total 5205 · FOOD SERVICE - KJ'S CAFE	$ -	$ -	$ -	0.0%
5206 · FOOD SERVICE - PACIFIC DINING Special Income	$ 4,980.65	$ (2,000.00)	$ 6,980.65	
5206.2 · Pacific Dining - Skyline	$ 33,400.28	$ 29,993.16	$ 3,407.12	11.36%
5206.3 · Pacific Dining - Canada	26,809.94	$ 18,949.72	7,860.22	41.48%
5206.4 · Pacific Dining - CSM	40,289.38	$ 71,015.38	(30,726.00)	-43.27%
5206.4K · Pacific Dining - CSM Kiosk	10,319.10	$ 3,452.19	6,866.91	198.92%
5206 · FOOD SERVICE OTHERS	-	$ -	-	0.0%
Total 5206 · FOOD SERVICE - PACIFIC DINING	$ 115,799.35	$ 121,410.45	$ (5,611.10)	-4.62%
Total 5200 · FOOD SERVICE INCOME	**$ 115,799.35**	**$ 121,410.45**	**$ (5,611.10)**	**-4.62%**
5310 · INTEREST INCOME	$ 2,851.27	$ 7,584.29	$ (4,733.02)	-62.41%
5400 · EVENT RENTAL	$ 59,869.10	$ 63,317.17	$ (3,448.07)	-5.45%
Total Income	**$ 221,847.38**	**$ 234,928.40**	**$ (13,081.02)**	**-5.57%**
Expense				
5500 · COLLEGE SUPPORT				
5500.12 · COLLEGE SUPPORT - SKY - COMPASS	$ 7,238.57	$ 8,649.27	$ (1,410.70)	-16.31%
5500.13 · COLLEGE SUPPORT - CAN - COMPASS	$ 5,043.36	$ 5,042.46	0.90	0.02%
5500.14 · COLLEGE SUPPORT - CSM - COMPASS	$ 8,755.75	$ 9,427.15	(671.40)	-7.12%
5500.15 · COLLEGE SUPPORT	$ 9,135.25	$ -	9,135.25	100.0%
5500.16 · COLLEGE SUPPORT - SKY - N VENDING	$ -	$ -	-	0.0%
5500.17 · COLLEGE SUPPORT - CAN - N VENDING	$ -	$ -	-	0.0%
5500.18 · COLLEGE SUPPORT - CSM - N VENDING	$ -	$ -	-	0.0%
5500.21 · COLLEGE SUPPORT - PEPSI	$ -	$ 315.50	(315.50)	-100.0%
5500.22 · COLLEGE SUPPORT - SKY - PEPSI	$ 5,225.06	$ 7,736.50	(2,511.44)	-32.46%
5500.23 · COLLEGE SUPPORT - CAN - PEPSI	$ 3,912.37	$ 4,689.53	(777.16)	-16.57%
5500.24 · COLLEGE SUPPORT - CSM - PEPSI	$ 5,495.68	$ 6,756.38	(1,260.70)	-18.66%
5500.44 · COLLEGE SUPPORT-CSM-DRIP COFFEE	$ -	$ -	-	0.0%
5500 · COLLEGE SUPPORT - Other	$ -	$ -	-	0.0%
Total 5500 · COLLEGE SUPPORT	**$ 44,806.04**	**$ 42,616.79**	**$ 2,189.25**	**5.14%**

6000 · SALARIES				
6110 · REGULAR SALARIES				
6111 · MANAGEMENT SALARY	$ 33,930.35	$ 36,795.64	$ (2,865.29)	-7.79%
6115 · CLERICAL O/T SALARIES	-	-	-	0.0%
Total 6110 · REGULAR SALARIES	$ 33,930.35	$ 36,795.64	$ (2,865.29)	-7.79%
Total 6000 · SALARIES	$ 33,930.35	$ 36,795.64	$ (2,865.29)	-7.79%
6210 · BENEFITS				
6210.5 · BENEFITS				
6212 · BENEFITS	$ 6,556.80	$ 6,013.71	$ 543.09	9.03%
Total 6210.5 · BENEFITS	6,556.80	6,013.71	543.09	9.03%
Total 6210 · BENEFITS	$ 6,556.80	$ 6,013.71	$ 543.09	9.03%
6700 · CONTRACTED SERVICES	2,329.18	-		
6710 · SERVICE CONTRACT & REPAIRS				
6711 · SERVICE CONTRACT				
6711.2 · SKYLINE SERVICE CONTRACT	$ 725.00	$ 1,674.66	$ (949.66)	-56.71%
6711.3 · CANADA SERVICE CONTRACT	-	$ 1,999.67	(1,999.67)	-100.0%
6711.4 · CSM SERVICE CONTRACT	-	$ 10,414.90	(10,414.90)	-100.0%
Total 6711 · SERVICE CONTRACT	$ 725.00	$ 14,089.23	$ (13,364.23)	-94.85%
6712 · REPAIR AND MAINTENANCE				
6712.2 · SKYLINE REPAIR & MAINTENANCE	$ 2,925.34	$ 3,536.47	$ (611.13)	-17.28%
6712.3 · CANADA REPAIR & MAINTENANCE	151.46	$ -	151.46	100.0%
6712.4 · CSM REPAIR & MAINTENANCE	5,528.03	$ 3,274.87	2,253.16	68.8%
Total 6712 · REPAIR AND MAINTENANCE	$ 8,604.83	$ 6,811.34	$ 1,793.49	26.33%
6713 . Audit Fees				0.0%
6713.2 . Skyline	$ -	$ 405.00	$ (405.00)	-100.0%
Total 6713 . AUDIT FEES	$ -	$ 405.00	$ (405.00)	-100.0%
6714 · UTILITY				
6714.1 . UTILITY EXPENSES	$ -	$ -	$ -	0.0%
6714.2 · UTILITY-SKYLINE	$ 5,267.76	$ 6,218.39	$ (950.63)	-15.29%
6714.3 · UTILITY-CANADA	3,521.22	$ 4,250.28	(729.06)	-17.15%
6714.4 · UTILITY-CSM	6,809.50	$ 8,207.48	(1,397.98)	-17.03%
Total 6714 · UTILITY	$ 15,598.48	$ 18,676.15	$ (3,077.67)	-16.48%
Total 6710 · SERVICE CONTRACT & REPAIRS	$ 24,928.31	$ 39,981.72	$ (15,053.41)	-37.65%
6750 · OTHER CONTRACT SERVICES				
6751 · CONTRACTED MISC. SERVICE				
6751.2 · CONT MISC SER-SKYLINE	$ 4,514.38	$ 1,071.10	$ 3,443.28	321.47%
6751.3 · CONT MISC SER-CANADA	$ 3,016.70	$ 142.20	2,874.50	2,021.45%
6751.4 · CONT MISC SER-CSM	$ 6,125.59	$ 8,953.10	(2,827.51)	-31.58%
Total 6751 · CONTRACTED MISC. SERVICE	$ 13,656.67	$ 10,166.40	$ 3,490.27	34.33%
6750 · OTHER CONTRACT SERVICES - Other	$ 50.00		$ 50.00	100.0%
Total 6750 · OTHER CONTRACT SERVICES	$ 13,706.67	$ 10,166.40	$ 3,540.27	34.82%
6760 · EQUIP. & FACILITY REFURBISHMENT				
6761 · EQUIPMENT REFURBISHMENT				
6761.2 · EQUIP. REFURBISHMENT-SKYLINE	$ -	$ -	$ -	0.0%
6761.3 · EQUIP. REFURBISHMENT-CANADA	-	-	-	0.0%
Total 6761 · EQUIPMENT REFURBISHMENT	$ -	$ -	$ -	0.0%
6763 · SUPPLIES REFURBISHMENT	$ 161.33	$ 45.50		
6763.2 · SUPPLIES REFURBISHMENT-SKYLINE	-	-	-	0.0%
6763.4 · SUPPLIES REFURBISHMENT-CSM	-	-	-	0.0%
Total 6763 · SUPPLIES REFURBISHMENT	$ 161.33	$ 45.50	$ 115.83	254.57%
Total 6760 · EQUIP. & FACILITY REFURBISHMENT	$ 161.33	$ 45.50	$ 115.83	254.57%

6770 · EQUIPMENT-NON INVENTORY	$ 400.00	$ 450.00	$ (50.00)	-11.11%
6771.2 · EQUIP-NON INVENTORY/SKYLINE	-	-	-	0.0%
6771.3 · EQUIP-NON INVENTORY/CANADA	-	-	-	0.0%
6771.4 · EQUIP-NON INVENTORY/CSM	-	-	-	0.0%
Total 6770 · EQUIPMENT-NON INVENTORY	$ 400.00	$ 450.00	$ (50.00)	-11.11%
Total 6700 · CONTRACTED SERVICES	$ 41,525.49	$ 50,643.62	$ (9,118.13)	-18.0%
6800 · DEPRECIATION EXPENSE				
6801 · DEPRECIATION EXPENSE	$ -	$ -	$ -	0.0%
Total 6800 · DEPRECIATION EXPENSE	$ -	$ -	$ -	0.0%
6850 · UNREALIZED P/L ON INVESTMENTS	$ 3,273.86	$ -	3,273.86	100.0%
6851 · LOSS ON INVESTMENTS	$ -	$ -	-	0.0%
6856 · DISPOSAL OF FIXED ASSETS	$ -	$ -	-	0.0%
6899 · Other Operating Expenses	$ 3,326.14	$ 579.10	$ 2,747.04	474.36%
Total Expense	**$ 133,418.68**	**$ 136,648.86**	**$ (3,230.18)**	**-2.36%**
Net Income	**$ 88,428.70**	**$ 98,279.54**	**$ (9,850.84)**	**-10.02%**

SMCCCD - Auxiliary Services
CSM Fitness Center (San Mateo Athletic Club and Aquatic Center)
Balance Sheet

	3/31/2015	3/31/2014	$ Change	% Change
Assets				
Current Assets				
Cash				
Bank of America-Checking	$ 472,808	$ 360,531	$ 112,278	31.1%
Cash on hand	200	200	-	0.0%
Investment				
Cash in County	1,777,883	1,619,932	157,950	9.8%
Certificate of Deposits	1,298,139	1,008,851	289,289	28.7%
Unrealized Gain	(64)	(4,359)	4,295	-98.5%
Total Cash	**$ 3,548,966**	**$ 2,985,155**	**$ 563,811**	**18.9%**
Accounts Receivable				
Accounts Receivable	$ 46,950	$ 169,627	$ (122,677)	-72.3%
Interest Receivable	3,460	-	3,460	100.0%
Total Accounts Receivable	**$ 50,411**	**$ 169,627**	**$ (119,216)**	**-70.3%**
Inventory				
ProShop Inventory	7,167	6,753	414	6.1%
Total Inventory	**$ 7,167**	**$ 6,753**	**$ 414**	**6.1%**
Total Current Assets	**$ 3,606,544**	**$ 3,161,536**	**$ 445,008**	**14.1%**
Total Assets	**$ 3,606,544**	**$ 3,161,536**	**$ 445,008**	**14.1%**
Liabilities and Fund Balance				
Current Liabilities				
Accounts Payable	$ 127,865	$ 205,248	$ (77,383)	-38%
Sales Tax Payable	160	1,484	(1,324)	-89%
Unapplied payments (annual dues)	3,928	4,321	(394)	-9%
Deferred Incomes				
Deferred dues	285,615	266,174	19,441	7%
Deferred parking	7,883	7,073	810	11%
Deferred PT	54,522	44,761	9,761	22%
Deferred Master Swim	6,360	5,480	880	16%
Deferred Rev-Retail Sales	-	-	-	0%
Total Deferred Incomes	$ 354,379	$ 323,488	$ 30,891	10%
Gift Certificates	3,773	2,461	1,312	53%
Referral Credit	-	9,447	(9,447)	-100%
Total Current Liabilities	**$ 490,104**	**$ 546,449**	**$ (56,345)**	**-10%**
Other Liabilities				
Loan from District	$ 1,000,000	$ 1,000,000	$ -	0%
Total Liabilities	**$ 1,490,104**	**$ 1,546,449**	**$ (56,345)**	**-4%**
Fund Balance				
Beginning Balance	$ 1,344,968	$ 816,784	$ 528,184	65%
Profit/(Loss) for the period/year	771,472	798,303	(26,831)	-3%
Balance carry forward	$ 2,116,440	$ 1,615,087	$ 501,353	31%
Total Liabilities and Fund Balance	**$ 3,606,544**	**$ 3,161,536**	**$ 445,008**	**14.1%**

SMCCCD - Auxiliary Services
CSM Fitness Center (San Mateo Athletic Club and Aquatic Center)
Statement of Revenue and Expenses

	Nine Months 03/31/2015	Nine Months 03/31/2014	$ Change	% Change
Revenue				
Registrations	$ 139,752	$ 120,985	$ 18,767	15.5%
Member Dues	2,135,098	1,970,593	164,505	8.3%
Day Pass	21,220	17,443	3,778	21.7%
Parking	59,872	55,320	4,553	8.2%
Replacement Card Fee	1,153	2,095	(943)	-45.0%
Personal Training	229,873	295,690	(65,817)	-22.3%
Group Exercise	44,148	45,644	(1,496)	-3.3%
Aquatics	541,604	454,666	86,938	19.1%
Retail	14,355	13,759	597	4.3%
Decline Fees	9,746	8,694	1,052	12.1%
Special Programs	6,457	6,024	433	100.0%
Total Revenues	**$ 3,203,277**	**$ 2,990,912**	**$ 212,365**	**7.1%**
Operating Expenses				
Aquatics Supplies	$ 33,525	$ 31,029	$ 2,496	8.0%
Bank Fees and Credit Card Fee	87,527	72,594	14,933	20.6%
Charitable Contrubutions	475	650	(175)	-26.9%
Collection Fees	-	480	(480)	100.0%
Insurance	36,372	23,738	12,634	53.2%
Janitorial Maintenance/Pool	67,429	90,005	(22,576)	-25.1%
Locker Room Supplies	33,920	34,192	(272)	-0.8%
Maintenance & Repairs Expense	3,498	3,569	(71)	-2.0%
Marketing Design/Management	66,885	66,894	(9)	0.0%
MediFit Management Fee	150,000	86,822	63,178	72.8%
Miscellaneous	35,052	32,103	2,949	9.2%
Office Supplies	31,943	19,318	12,625	65.4%
Payroll	1,311,760	1,253,138	58,622	4.7%
Payroll Taxes & Benefits	315,292	300,753	14,539	4.8%
Printing	2,360	846	1,514	178.9%
Pro Shop COGS	9,012	8,158	854	10.5%
Software License fees	6,081	6,180	(99)	-1.6%
Telephone & Pager	-	275	(275)	-100.0%
Towel, Laundry and Cleaning	12,127	11,255	872	7.7%
Uniforms	5,769	4,794	975	20.3%
Total Operating Expenses	**$ 2,209,027**	**$ 2,046,793**	**$ 162,234**	**7.9%**
Income/(Loss) from Operation District and College Support	**$ 994,250**	**$ 944,119**	**$ 50,131**	**5.3%**
District Support				
District Support Income				
Interest Income on Investments	34,186	15,083	19,103	126.7%
Operating Expenses charge back to District	75,000	46,800	28,200	60.3%
Total District Support Income	**$ 109,186**	**$ 61,883**	**$ 47,303**	**76.4%**

District Support Expense				
Administrator Salary and Benefits	$ 125,946	$ 124,022	$ 1,924	1.6%
Clerical Support Salary and Benefits	42,280	30,913	11,367	100.0%
Donation	-	-	-	100.0%
Equipment Use Fee	9,000	9,000	-	0.0%
Miscellaneous Expenses	29,008	12,823	16,185	126.2%
Pool Maintenance	19,730	29,940	(10,210)	-34.1%
Unrealized Gain/Loss - County Investment	-	-	-	0.0%
Total District Support Expense	**$ 225,964**	**$ 206,698**	**$ 19,266**	**9.3%**
Net Income/(Loss) after District Support but before College Support	**$ 877,472**	**$ 799,303**	**$ 78,169**	**9.8%**
College Support				
Operating Expense charge back waived	$ 75,000	$ -	75,000	100.0%
Donation to College	31,000	1,000	30,000	3000.0%
Total College Support Expense	$ 106,000	$ 1,000	$ 105,000	10500%
Income/(Loss) after District & College Support	**$ 771,472**	**$ 798,303**	**$ (26,831)**	-3.4%