

Transcript:

July 21, 2004 Meeting of the **Roseville City Council**

Agenda Item #39

Roseville Energy Park Project Labor Agreement

CORDOVA SECRETARIAL SERVICE

Patty O'Connor
2658 Chassella Way
Rancho Cordova, CA 95670
(916) 361-7989

ROSEVILLE CITY COUNCIL

Meeting of July 21, 2004

ITEM #39

Roseville Energy Park Labor Agreements - Memo from Roseville Energy Park Project Manager Bob Hren and Electric Utility Director Tom Habashi recommending Council adopt the following Resolutions for the provision of labor to the Roseville Energy Park (REP): RESOLUTION NO.04-275 approving a Project Labor Agreement (PLA) for the Roseville Energy Park with the State Building and Construction Trades Council of California and the Sacramento-Sierra Building and Construction Trades Council; and, RESOLUTION NO.04-276 approving a Maintenance Agreement for the Roseville Energy Park with the State Building and Construction Trades Council of California and the Sacramento, Yolo, Amador, Nevada, Placer, El Dorado, Sierra Building and Construction Trades Council; and, RESOLUTION NO.04-277 approving a Neutrality Agreement for the Roseville Energy Park with Local 1245, International Brotherhood of Electrical Workers; and, RESOLUTION NO.04-278 approving a Transmission Construction Agreement for the Roseville Energy Park with Local 1245, International Brotherhood of Electrical Workers; and, RESOLUTION NO.04-279 approving a Lead Agreement for the Roseville Energy Park with the California Unions for Reliable Energy. The agreements are not expected to increase cost due to wage rates, as the City is

already obligated to use prevailing wage rates in all contracts. The PLA requires payment by the construction contractor (thus a cost to the City) of a supplemental \$0.25 per hour contribution to a union trust fund. The total payment under this contribution for the construction phase is estimated to be less than \$100,000. It is not possible to assess labor productivity differentials between union and non-union contractors, but the existing experienced union pool would help to mitigate any possible increases due to union work rules.

Transcribed by: Patty O'Connor, Cordova Secretarial Service (916-361-7989)

MAYOR: Item number 39, Roseville Energy Park Labor Agreement. I'd like to get my show of hands of how many people in our audience plan or would like to speak during this hearing. I want to get some idea of how long that this meeting may or may not take to discuss this item. We've got 1-2-3-4-5-6-7-8-9-10-11-12. Now out of the 12 that raised their hands, I mean, do we have an equal amount for and against, so we get a good balance of discussion and we discuss, uh, enough of the item so that everybody understands what's going on. Anyway. I'd like to shoot for an hour on this item, at 9:00. If we need longer we can go longer, staff will start out with a presentation and I'll open it up for public comment and then after public comment is done the Council will discuss amongst itself what we're going to do. Go ahead staff.

HABASHI Members of the Council. To my right is Bob Hren, he's the Roseville Project park manager. And to Bob's right is Scott Gallati. Scott Gallati is with Gallati and Blek and that is the law firm that is supporting our efforts to permit the energy park through the California Energy Commission. Members of the council, the um, the agreements that we are recommending that you approve tonight are key to our continuing effort to get the Roseville energy park built on time and within the budget that we have specified to you before. Um. I would acknowledge the difficulty that you are having tonight in voting on this item. Believe me, we have agonized over the City Manager and staff have been agonizing over this for months. We do however ask ourself one question that we believe tips the balance for recommending these agreements, and the question is how can you stay to our mission. I'm going to ask ** the presentation. And the answer, our mission as you've heard from us over and over is

to provide the most elaborate system to our community here in Roseville and do that with saving energy prices. And we believe that the Roseville energy park is a critical element in delivering that mission, in delivering reliable service at lower cost, and we certainly want to do that in an environmentally sound manner. With that, I'm going to ask Bob to step in and make a presentation in that item tonight and the three of us will be here to answer any questions that you or the audience might have. Bob.

HREN: Thank you Tom. And if we could go to the next slide. I'll be going through a series of slides and presenting just the basics in an overview of the matter before you tonight. First, I'd like to talk about the California Energy Commission, CEC, permitting process. The CEC is the sole authority to permit projects of this type, power projects of this type, within the State of California. The process is similar to, but quite different than typical city processes for permitting a development project. For example, it's a very formal process. Portions of the process are like a court proceeding. Expert witnesses and cross-examination are part of the process. Quite different than the city development project process. Within the process, intervenors as they are called, can be any party, an individual, an organization or an entity can become involved with the project actively. When they do so, they file and are granted an intervenor's status. And at that time they have equal standing in the process to the applicant. The applicant in this case is Roseville Electric. For the Roseville Energy Park, REP, the CURE, which is California Unions for Reliable Energy, has become a sole intervenor on the project, and uh, we are now in the seventh month of a twelve month process. Uh, five months to go to get our permits, but the remaining schedule is highly dependent on the decision that will be made tonight related to the project labor agreements. I'd like to, on the next

slide, talk about the project agreements. There are five. I'm just going to mention the key points, if there are any detailed questions, we can respond to those. The first agreement, and the one that gets the most attention, is called the Project Labor Agreement or PLA. It applies to the construction phase only. Uh. It involves the use of union labor. But I'll talk about this in more detail in the next slide. With four other agreements, they all come together as a package. The maintenance agreement applies to the maintenance, the major maintenance activities during the life of the project. And if Roseville Electric should use outside contractors to perform maintenance, major maintenance on the project, those contractors will be subject to the maintenance agreement. The neutrality agreement covers the operations for the facility. Roseville Electric today has many of its employees represented by IBEW Local 1245. If Roseville Electric chooses to operate the facility using its own employees, many of those employees will be Local 1245 employees. However, if Roseville Electric chooses to operate the facility by hiring a contractor, then that contractor could uh, possibly, uh, have its workers decide to organize, uh, under union representation. If that should occur, the neutrality agreement simply provides that the city and Roseville Electric would stay out of that process and would remain neutral. That's the neutrality agreement. The fourth agreement is called the transmission construction agreement, and as you know, Local 1245 currently performs the work for Roseville Electric. This is an electric power plant, wires have to connect to the facility so what this agreement does it just simply defines the jurisdictional boundary between Local 1245 and the Building Trades Union that would work on the wires within the power plant. And the final agreement, basically covers the assurances that if we go forward with this effort,

the unions will be cooperating with the city on the permitting process going forward, the final five months of the process. Again, it's a package deal. I've given just a simplified overview of the five agreements. Any detailed questions later we can talk about that. I said I'd talk a little more about the PLA, the Project Labor Agreement. It'll be signed by the city but the project will be constructed by a contractor. When that contractor's hired by the city, the city steps out of the agreement and the construction contractor would become a party to the Project Labor Agreement. So basically it's an agreement between the future construction contractor and the unions for the construction of the project only. The agreement would give the project and the project construction contractor access to a highly skilled labor force, nearly all of the power plants in California have been built with union labor, is there is a great deal of experience available. It also has provisions to prevent strikes, which is very important to the project. The city would not want the 18 to 20 month project construction phase to be delayed due to a, due to a strike and this provides protection against that. Something I'd like to point out is that the city is obligated under state regulation for any public works project such as this, to use what's called prevailing wage rates, and essentially those rates are the same as union rates. So, uh, the, uh, the cost to the city is virtually the same either with or without the PLA. We'll have a bit more discussion about that I'm sure from some folks in the audience. The PLA does provide for 25 cents per hour as union trust fund contribution. But it does give the city and Roseville Electric a great deal of certainty about the cost and it gives us a great deal of schedule certainty and avoids a lot of the risks that could be ahead of us in the remainder of the permitting process. I'd like to talk about the cost impact. As we said, we do not think there is a significant

cost impact in going with the Project Labor Agreement. We already have performed cost estimates prepared for the city by our consultant engineering group. They used and they assumed union labor and the project labor agreement. So our total project estimated cost is about \$150 million, already includes the provisions that would be in this particular agreement. A portion of that cost that the agreement could apply to is only \$30 million. Most of the power plant consists of manufactured equipment that could be built anywhere in the country, uh, so that labor content of the project is only 20% of the total. So again, based on the prevailing wage rate that would have to be paid regardless of whether this agreement is entered, we feel the cost impact is insignificant for the Project Labor Agreement. On the other hand, if the project were to proceed without a project labor agreement, there would be some significant costs. I mentioned that proceeding with the CEC, the California energy commission, is highly formal. It resembled a court proceeding with expert witnesses, cross-examination, testimony and so forth. We feel that could cost anywhere from \$3 to \$5 million extra to proceed with that aspect of the project if there were challenges to the permit application. We would expect, based on other projects that have gone through this situation, it could be an 18 month or longer delay on the permitting of the project. There also could be increased costs of what we call mitigation, or mitigation for impacts to the project that could be imposed, based on the process of permitting and the actions that could occur in details of that process. Probably the greatest risk to the city would be the cost of replacement power for that 18 month delay. Over 50% of the power would be provided by this power plant, and that would be at risk of whatever market pricing might be in the future. And it may be necessary to purchase that power more on a short-term basis,

almost a spot market basis, rather than under long-term contract, so the risk of potential cost increase is significant. Additionally, if we were faced with an 18 month or so delay, there would be increased costs of construction. Today, the construction, uh, business is relatively, uh, slow, a lot of power plants around the country have been put on hold and slowed down or canceled. But there is a rising demand for power and certainly you've seen out here in California recently, maybe the last few days, have set records. We do expect while there will be an increase in construction necessary to meet the future demands, and with a delay we would be in the middle of a greater competition for resources. Not only construction contractors but also for the equipment that really helps for the cost of the facility. The costs of equipment may go up with greater competition. Additionally, interest rates we expect to rise, so a 18 month delay could impact that as well. The bottom line, I talked about a \$3 to \$15 million cost to defend the project, environmentally permitting effort and potentially to pay for increased mitigation. Plus the replacement power costs difficult to quantify, and a lot of other risks and uncertainties. I'd like to chart, there's a graph that may be difficult to view here in the audience, um, what's shown at the bottom for each of the years, 2004 being the first year and moving forward. At the bottom, are what Roseville Electric has under long-term contract. These are very excellent low priced contracts and those will remain in place for the foreseeable future. The yellow are mid-term contracts, and those contracts will run out by the year 2011. The red is shown what's called market purchases, that's going into the market to purchase the, uh, the amount of power that's needed in addition to that, which is under contract. And the blue represents the Roseville Energy Park, the power plant, coming into the picture. These are fiscal years,

2007 the project would be in operation for half the year, 2008 and after it would be in operation for the full year. When we talk about the 18 month delay, that 2007 and 2008 time period would not be there and we would have to be in the market, the red, for a lot of that replacement power, and that's the potential risk of cost increases for then. Additionally, these really, and another possible risk that the cost of the facility due to delays and so forth increases to the point that it's decided it's not economic. You can see the blue representing the power plant would be out of the picture and we'd be back in the market for a significant amount of power for the city. In summary, if you have no PLA, no five agreements that we talked about, there could be a direct cost of \$3 to \$15 million to the ratepayers. There could be an 18 month delay. There could be a cost risk on about half the power that the city would have to purchase for that 18 month period and that could subject the rates and the reliability that Roseville Electric has been so proud of to a lot of volatility. But, if you're with the PLA, there would be no significant costs, no permitting delay, there'd be access to skilled labor, no strike provisions, a lot of predictability in the future and much less volatility. So balancing the pros and cons, the city staff feels that this is the right thing to do. We understand it's a different procedure, a different process from what the city has done in the past. But on the basis of maintaining the forward mission of the Roseville Electric utility for the city and the ratepayers, we feel this is the right thing to do.

MAYOR: Does that complete your presentation?

HABASHI Yes.

MAYOR: Does the council have any questions at this time?

ROCCUCCI: I have a couple Mr. Brend, the one chart you filled out three years out, when the power plant was coming on line, there was a jump in the power requirements I guess of the city. Then it started going down. That didn't make sense to me.

HREN: I apologize. I didn't explain it, I was trying to do it real fast here.

ROCCUCCI: That was total power wasn't it?

HREN: That was total power available. And what 2008, '09 and '10, if we could get that draft back up, that could be helpful, I'm not sure we can do that. That represents with the mid-terms contracts that are in hand, we would have more power than we need. So anything above the yellow line uh, above that line, could be sold into the market.

ROCCUCCI: Oh I see now. The yellow line is the load line.

HREN: Correct, that's correct.

ROCCUCCI: Okay. My other question would be when the schedule was being put together and presented in the last six months or eight months, no mention was ever made that the schedule was predicated on this type of contract, to my knowledge. And we seem to have a schedule that is impacted now, but you never mentioned in the past, to my knowledge, my recollection, that the schedule was predicated on whatever, any agreements or any circumstances other than normal course of events.

HABASHI: I think our expectation was we were going to bring you those agreements in time and then we'll move forward. That's why we put the schedule the way we did.

ROCCUCCI: Okay, thank you.

GARBOLINO: I have a question. You mentioned the intervenor category that, uh, one group entered into. Is there normal, or is it usual that the other side also becomes an intervenor, in order to balance the interest in front of the CEC?

HREN: The history to date has been that uh, the CURE union group has intervened on virtually all power plants before the California Energy Commission. The opposing group, the non union group, has to this date, to my knowledge, not intervened on any projects.

GARBOLINO: So in my mind, the fee then only feeds one side of the issue, or one side of the controversy that's here tonight.

HREN: Actually, what the CEC sees is not the controversy at issue here tonight. What the CEC sees are the environmental impacts of the project and challenges to the project based on environmental grounds, nor do they review, you know, the union labor agreements or non labor agreements.

MAYOR: I've got a question. The environmental document, the EIR, we did one for this correct?

HREN: I'm going to ask Scott Gallati to jump in because it's not exactly an EIR.

MAYOR: Well, whatever kind of documents that has to go to the CEC because the CEC has become the intervenor here and not EIR or the hearer of the request. So my question is, are our documents in order and will they withstand scrutiny?

GALLATI: First I have to take a step back. What we filed was what looked like an EIR, a two volume set, which for the CEC that's just the application. So what you

would normally prepare in your process as an EIR, we prepared that, gave it to the CEC at the starting point. So they are currently preparing documents that is their EIR, so to speak, for justifying their decision on the project. We believe that our, our documents, our applications for certification to energy commission outlined all of the environmental impacts, and proposed all of the mitigation. The energy commission staff has recently issued a preliminary draft document adding additional requirements, and we've been continuing to discuss with them how that best fits with what we planned.

MAYOR: And just so I understand, CEC is the final decision maker. If we have an intervenor and we start going through, um, basically a legal battle, they are the final say on whatever occurs, correct?

GALLATI: Correct. The energy commission will make the decision.

ALLARD: I have a question. You explained kind of the CEC process and the whole thing about an intervenor. It sounds to me like this is a real unique process, and allows for intervenors to get involved in it as a way just to slow down and delay the process of the project. Is that correct?

HABASHI: Again, I think I'll ask Scott to step in, he has the most experience on that point.

GALLATI: Um, I guess that would be a fair characterization. The energy commission process treats all parties as if they have equal standing. And that's including the energy commission staff, for example. Energy commission staff when they write their documents, it's just their opinion, it's not the EIR, not until the commission votes and blesses it. And how they go through that process is we present our side, staff presents their side, any intervenor can present their side, and challenge anybody else's

opinions. And at the end of the day, the energy commission, the committee of the energy commission writes their own document. And that must be based on evidentiary hearings, which are, which take place very much like a trial. And unfortunately, people like you need to hire people like me to get through that process, because it is legalistic. And so the more legalistic the process, the more opportunity there is for intervenors to have a voice and, uh, um, raise issues, that then need to be resolved, and that always costs some time.

ALLARD: And that's, the reason I'm asking that question, you commented, one of you commented that um, CURE has intervened in the majority of these projects in the past with the CEC. And we're concerned they may delay this project by 18 months. It sounds like they're inventing just to slow these things down.

MAYOR: I'm going to say...silence is golden.

ALLARD: I just wanted to make that clear.

MAYOR: I will open it up now for public comment. And I would just a suggestion, we can um, we can, you know, I want to try to be fair to everybody, but I'm sure there's going to be some redundant comments. If you can make your comments quicker than five minutes, you might want to do so so that, you know, the majority or everybody here gets a chance to speak. So, I'll open up for public comments. When you come to the podium, please state your name, and your address for the record please.

BALGENORTH: My name is Bob Balgenorth. I'm president of the State Building Trades Council. I reside in Folsom.

MAYOR: Spell your name please.

BALGENORTH: Balgenorth, B-A-L-G-E-N-O-R-T-H. Mr. Mayor, I'd like to have the people here in support, most of them will not be speaking, but I'd like them to stand up for a second.

GARBOLINO: In support?

BALGENORTH: In support of the PLA. As I said, I'm the president of the State Building Trades Council. We have a long history. We were established in 1901, eight years before the city of Roseville was incorporated. We represent 375,000 skilled construction workers throughout the state of California. 25,000 of them are in this region and 3,000 of them actually reside here in Roseville. The, uh, I thought the presentation you guys did was excellent. Uh. It holds true with the way the negotiations were done. You were very professional. I'd like to compliment the entire staff for the job that they did, this presentation and the way they handled themselves through the entire negotiations process. The city staff recommended that you approve the PLA that's here before you tonight., for one reason, it's a good business decision. The PLA will allow many of the 3,000 construction workers that live in this city to get a job here in the city. The city will be paying prevailing wages, as was already stated, which are the same as union wages. The hourly cost for labor on the project will be no different with or without the PLA. However, union construction workers are the only ones who have demonstrated an ability to build power plants in the state of California. I passed out earlier a list of all the power plants that have been built in California. If you look, you'll see that there was 16 that were done under union agreements, and there was one that was not. There are, uh, the one that wasn't is really kind of a poster child for why you would use PLAs. That project was done in Huntington Beach. It, uh, it went over

budget, uh, it was \$20 million over budget. Took a year longer to complete than it was anticipated to be completed. Right now, you've got 11 more power plants that are under construction. Every one of those has a union agreement on em. The decision to do this was, you know, was made by both private companies and public entities like yourself. So, everyone has made a decision that they thought was a good economic reason to do this. And there is a lot of, there's a good reason for that, and that's because these projects have all been huge successes when they were done under a PLA. In June and July of 2001, at the height of the energy crisis, there were three big power plants that had to be rushed online. You might remember all the news media when they were going through the brownouts. In each case, those projects were delivered ahead of time, uh, under budget or on budget, and each one of those companies received a bonus from the state, a total of about \$2.2 million the state gave them for getting the power plants online early. The PLA has several advantages. It provides more experience and better trained workers, and no additional increase in wage rate. The bottom line for the city of Roseville is lower cost, more reliable plant and jobs for Roseville residents. This PLA is the right business decision for the city. And as already stated, the PLA offers other benefits. It prohibits strikes, it provides common work shifts and holidays, and it expedites dispute resolution. And it supports apprenticeship training. These benefits have been realized on many public works projects, from the Grand Cooley Dam to the Hoover Dam to uh, probably schools all over the district, bridges, it's uh, it's been used all over the area. And it makes a lot of sense. So, in closing, I'd really just like to urge you to uh, go ahead and do the sound

business decision that your council, that your staff recommended, and uh, I would like to answer any questions that you've got.

MAYOR: Any questions?

ALLARD: Mr. Balgenorth, is that correct?

BALGENORTH: Yes it is.

ALLARD: In our staff report it says the PLA will require a 25 cent payment for each hour of construction labor worked to the union trust fund, totalling about \$100,000 during the construction phase. What is the union trust fund, and what are those dollars use for?

BALGENORTH: Okay, it's not actually a union trust fund, it's a labor management trust fund. And the Labor Management Act requires that they be used to promote the industry. It can be used for things like improving safety conditions, for making sure that disputes are resolved in a more equitable manner. Uh. To promote apprenticeship training, to make sure that there are, uh, young people that enter into the industry, it can be used for pre apprenticeship. Uh. There are numerous things, but it must promote the industry. It does not accrual to the union at all. It's for the benefit of the industry. It's kind of like what you were doing when you were giving grants to non profit organizations. The grants you use that'll benefit your community, the same thing happens here. This has to benefit the industry to make sure there are better, better cooperation the industry and better working conditions.

ALLARD: So, that money can't be used for political purposes?

BALGENORTH: No.

ALLARD: And that money can't be used for legal purposes like intervening in other power plant projects?

BALGENORTH: No.

MAYOR: Rich? Any more questions at this time?

GRAY Yes. Mr. Balgenorth, what relationship do you have with CURE?

BALGENORTH: I'm the chairman of CURE.

GRAY: You're the chairman of CURE. So let me just ask you a pointed question. If we vote tonight to agree to these PLAs, does any, uh, objections or any other kind of interventions that CURE is taking before the CEC go away?

BALGENORTH: Well, I guess the simple way to answer that is uh, when CURE intervenes, CEQA requires that when you, uh, when you go and load a plant that you have to look at what the economic benefits are and what the, uh, environmental hazards are. You have to do a balancing act between those. You have to justify why you should, uh, why the environment should be degraded for the economic benefits. We do the same balancing act. We look at the economic benefits of the plant, and we look at the environmental issues that are involved. And when the environmental issues that we have raised have been satisfied, and the economic benefits have been made, then, met, then we are supportive of the plant. If you saw in the paper yesterday, there's a huge, uh problem with the environmental, with the air quality in this area. And there are a whole host of road construction projects that just got shipped out, so if we don't pay attention to what happens environmentally, we won't have jobs. If we don't get involved in all these things and make sure that the best quality, the best air quality standards were met, then we're diminishing employment opportunities for ourself.

We're diminishing economic growth for the community. So, we are involved in those things. We have, uh, and so I hope that answers your question.

GRAY: No you didn't answer my question. I thought the question was very simple. If we agree to the PLAs, do the objections that have been filed to date, and I understand there's a significant document that was filed with the CEC...

BALGENORTH: We are in negotiations at the moment, my environmental attorney's here who can answer those questions on the negotiations. But we've been negotiations with the city on the environmental things that we have raised, and once those uh, negotiations are concluded, and a PLA's in place, then uh, we will have satisfied the balancing act between the CEQA and our economic interest.

MAYOR: Let's move on, we have other speakers here. Please state your name and address please.

DAYTON I'm Kevin Dayton, vice president of Government Affairs for the Golden Gate Building and Contractors based in Dublin. We represent more than 500 predominantly non union contractors in the northern California construction industry, representing uh, work in the commercial, industrial, and public works categories. And we oppose project labor agreements, because as you've probably figured, the purpose of them is to discourage our member contractors from working on various jobs. Now it's very unusual for me to come to a place like the city of Roseville. For the past seven years I've worked for the Golden Gate chapter fighting union initiatives on the local level to cut us out of the bidding process, almost always project labor agreements are the tactic used. And I go to places where frankly, it's fiscal irresponsibility, mismanagement, no accountability, etc. Just an example, all three bay area school districts that have

been taken over by the state - Contra Costa, Vallejo and Oakland -- all require project labor agreements in all their construction. That's the type of place that uses project labor agreements. Unfortunately, I know the situation you're in here. And you've been put under pressure here by California Unions for Reliable Energy. I think it's already been discussed pretty well. Here in the staff report exactly what sort of tactics are used and what's this all about. As it says, most projects agree to a PLA and related other agreements, CURE's involvement has been supportive. On those projects that do not sign PLAs, CURE's involvement has been heavy and adverse to the interest of the project sponsor. That's exactly what CURE is all about. Now, it's going to be a difficult decision for you, what to do here. But I draw, sent a letter to you last week and 'm going to go through these again. Seven possible alternatives that you could use to signing the project labor agreement. I can't guarantee that any of these are going to work, make CURE go away, or solve your problems, but they are things that you can try. First one is to approve the nine responses to the substance of CURE's request as listed in the lead agreement but do not approve the PLA. Actually this lead agreement is quite clear about CURE Is going to do if this project labor agreement is put into place. It says here, documents to be filed or executed, that Roseville and CURE will jointly file a jointly prepared document that describes the resolution of environmental issues and consequently that Roseville need not further respond to CURE's pending data requests. That's the answer. And you know what, environmental issues, I don't see how project labor agreement has anything to do with environmental issues. CURE intervened here, saying they were concerned about environmental issues and what do they do to you? They try and make you pass a project labor agreement so that non union contractors

have to pay workers fringe benefits and union trust funds. I really don't see how that relates to environmental issues. I encourage you to approve those nine things that CURE wants and CURE should be satisfied about that. They say so right in this document. Second, instead of mandating that a contract sign a PLA, give the general contractor the option of signing the PLA. You know, the contractors have no involvement at all in these negotiations, they're forced to sign it by you, who are going to mandate it tonight if you approve it. You heard Mr. Balgenorth said this is a good business decision. If it's a goods business decision, let the general contractor who gets the low bid make a decision whether or not they're going to sign the PLA. You might get a union contractor who'll say a PLA's good. I'm sure a lot of union contractors don't like em because they subvert their existing collective bargaining agreements. If it's a good business decision, maybe they'd want to do it and you could even require that they meet with the unions and discuss the benefits of a PLA. Third, instruct staff to return to the negotiation table with CURE representatives and amend the proposed PLA to eliminate the discriminatory provisions. You know, they say this PLA is negotiated but the truth is, this is pretty much what the unions want. You know, it's the same type of language we see in all project labor agreements, it's basically boilerplate language. You could ask, go back to the negotiating table and say to the unions, we want to allow the non union contractors to pay fringe benefits and their own benefit ** the union trust funds. You've got a prevailing wage job anyway here. There's no reason why a non-union contractor should have to pay money into the union trust fund if they have their own benefit plan. Allow the non union contractor to keep its core work force. Don't send them to the unions and hope the unions will dispatch them back if they want to.

There's no control here over who gets dispatched back. That needs to be re negotiated. Allow workers the option of paying union dues and fees who are inquiring to do so and join the union. Allow apprentices from many state approved apprenticeship programs, rather than making them come from the unions. And if there's a work stoppage and PLA should immediately terminate, I mean, this is, one of the great things about this is there are no strikes. Why is this other language about what happens if there is a strike. And by the way, there have been work stoppages under PLAs in California before. Number four, tell the media and the citizens of Roseville what is happening. Well, thank you very much for exposing CURE for what it is. This is really the first opportunity we've had to really expose CURE. The reason why I say went after municipal power plant and all their documents got exposed to the public, and we've taken the opportunity to expose it and we're going to continue to do so. It's great to see...

MAYOR: Your time's up.

DAYTON Thank you.

MAYOR: I think we pretty much get your point.

DAYTON Okay. I'm sure you've seen my letter anyway. Thank you.

MAYOR: Thank you.

STILLMAN Good evening city council and staff. I'm AC Stillman, I reside at 2002 North Cirby Way, Roseville. I've lived here for 34 years. I've raised my kids here. I'm also the business manager of Local 340, International Brotherhood of Electrical Workers. We have over 2,000 active and retired members in our jurisdiction with over 200 in Placer county and Roseville. I want to talk to you about one of the power plants

that Bob mentioned and that's Sutter. That's about 25 miles north of here. Sutter power plant was the first ** power plant that was approved by the Energy commission in 16 years. It's a 550 megawatt gas fire, combined cycle, similar to yours, a little bigger. Uh. It was scheduled for 22 months of construction. The construction started in uh, late October of uh, '98, like Bob said and it was scheduled for 22 months. There was an environmental appeal that was heard which delayed the project for another six months. Cal-Pine ** wanted to keep the same schedule which narrowed it to 16 months. Our members worked on that plant around the clock, two shifts, for those 16 months. That power plant opened two months ahead of schedule, Bechtel and Cal-Pine, I don't know how much money Bechtel got, but Cal-Pine got that \$2 million from the state. Keep in mind this was a time when San Francisco was building an airport, the tech companies were expanding in the Bay Area, uh, skill people were at, were hard to find for union and non union same story contractors. And, uh, we were able to bring that plan in, that plant in two months ahead of schedule with the six month delay. Uh. Those are the people, and some of em will talk tonight, and they're here that lived and built that plant and worked around the clock to make sure it would come on line. Uh. We want our local professionals to build our plant here in Roseville, and we urge you to support the PLA. Thank you very much.

MAYOR: Thank you.

WETCH: Mr. Mayor and council members, my name is Scott Wetch. I reside in Sacramento, California, and I'm pleased to be here tonight on behalf of a number of organizations. I'm here on behalf of the California State Pipe Trades council, and the State Association of Electrical Workers, the Western States Council of Sheetmetal

Workers, and the Coalition of Utility employees who represent utility workers throughout the state including the 1245 members that work for Roseville Electric. I'd just like to make a few points on background on project labor agreements because there seems to be a lot of misinformation as well as a lot of questions here. You know, it, some have tried to, uh, describe project labor agreements as some new found type of arrangement that just appeared on the horizon recently. But actually the National Labor Relations Act that was adopted in the 1930's, provided for these types of exact type of prehire agreement. That's how the Grand Cooney Dam, the Hoover Dam, Disneyland, Los Angeles airport, recently PacBell Park and the Metropolitan Water District's massive reservoir in East Los Angeles, have all been constructed under project labor agreements. Some of the myths that you've seen in some of the document provided by the claimants, the first claim they make is that project labor agreements increase the cost of projects. I think the staff abely pointed out that that's simply not the case. The second point that they make is that the project labor agreements are discriminatory. Now this is an important point and I think I saw in the faces of the council members that this was an issue of concern. Let me make it clear that that was the claim that the opposition made before the Reagan-George Bush Sr. supreme court. That was the claim they made before the Pete Wilson and George Deukmejian California supreme court. Both courts ruled unanimously uh, in support of the fact that the NRLA did provide for project labor agreements. They are not discriminatory. Federal law prohibits non union contractors from being prohibited from bidding on project labor agreements. In fact, before the U.S. supreme court, when that argument was made, the court said well you should have a fair and open process to bid, why shouldn't the owner

of the project, in this case the city, the public owner, have the right to go and dictate how their project is going to be built. And that's what the court ruled. The opposition claims that union, that it discriminates against non union workers. Again, that's a false claim. Federal law, and counsel I'm sure can advise you, federal law requires, under the union, dispatch union requirement, that any qualified craftsperson who wants to be dispatched from the hiring hall be dispatched. Union or non union. In fact, this project labor agreement has a special provision that provides for core workforce, so the contractors can have some of their core workers that they want there. Why do the Bechtels and the Parsons and the most sophisticated construction companies in the world, um, propose project labor agreements? It's not only so they can have access to the skilled work force. Remember when you're building power plants of this nature, it takes very skilled craftsperson. Some of the welds for instance in the boilers that have to be performed, only a few, a small percentage of welders can perform those types of welds. But it's not only because of the skilled work force. It's because they need to, on a major project like this, there may be dozens of contractors, each contractor with a different set of work rules. Each contractor with a separate agreement with their work force. Different staffing and scheduling requirements. On the, um, Metropolitan Water District project, for instance, you had 200 different bid packages, and parenthetically I might add a majority of those bid packages, over 70% went to non union contractors under that project labor agreement. So they didn't find it discriminatory in bidding on the MWD project. But the fact is, to be able to meet the schedule and the demands of getting this power plant on line, you need to be able to coordinate and streamline the processes of every contractor on that job. The only way you can accomplish that, given

the state's, uh, wage and hour law, wage over 16 which dictates that each and every contractor take a vote of its work force to decide if they want to work alternative work schedules, if they want to work different types of shifts. The only avenue to being able to streamline all those different sets of conditions is through a collective bargaining agreement or a prehire agreement similar to a PLA. And my last point would be that, um, that if you look at the 28 power plants that have been either constructed or under construction in California, 27 of those were built under project, with union labor, because of the fact they understood the need to be able to coordinate and take extraordinary steps, like was done on the Sutter plant, to meet the time, the rigid timeline that you have that was outlined by staff. For all those reasons, we urge your adoption of staff recommendation and will be available for any questions. Thank you.

(Clapping)

CHRISTEN: Mr. Mayor and fellow council members. My name is Eric Christen and I'm the government affairs director for the Western Electrical Contractors Association, and I'd like to officially, 9719 Lincoln Village Drive. I'd like to officially welcome you to the world of California construction politics. You now are entering into it for the first time. I've been fighting this for five years now, trying to stop this type of discrimination and fiscal insanity that's been rampant, running rampant throughout the state. But, uh some of, much of what a PLA is has been described to you, sent to you in the mail as well as talked about tonight. What I want to do is talk to you a little bit about the politics as well as what you can do to perhaps uh, set this discrimination aside and move forward with a sound business decision. First and foremost, I always find it somewhat humorous when a union representative is standing up here and telling us

how much he hopes for true diversity in the work force, and that they don't care to discriminate against the non union work force, and how much they want em to work on the plants. And then admit to the fact that 28 of the plants that are being built right now or in the past, have been built with all union labor. Imagine that. With CURE and PLAs that's what you get, you get all union labor. What you're going to find is you do have options. Um. And a week from now, the city of riverside will be in the same position that you're in tonight. And they're rejecting this form of environmental extortion.

Extortion dressed in a suit, a suit that comes from San Francisco which is where CURE is based. And one that's gotten used to being able to push entities around, primarily private ones, because of time consideration that they have been facing, with the need to build power plants, especially in the last couple of years. I've spoken to most of these entities and the fact is in an ideal world they would have nothing to do with project labor agreements. If you travel downtown and go past city hall, uh, Awika Contractor, the largest electrical contractor in the region, Rex Moore, is doing the electrical work on city hall. If you go out to the airport, the third largest electrical contractor in the region is doing the work on the new, um, parking structure out there. Both of those projects were going to be project labor agreements until we sat down with representatives and educated them about the discriminatory aspects of project labor agreements. Much of which has been discussed already. But again I want to emphasize just because there's so much distortion of the truth, and I understand that, and I understand that unions have been declining in market share for the past thirty years. At one point they had 90% of the market share in this country. Bureau of Labor Statistics as of lat year, they're down to under 17% of the construction work force in this country. You know what, as a former

union member, I can appreciate their concern for the declinement of market share. If you want it back, go out and compete for it. Don't rely on this type of extortion to get it back, which is exactly what this is. We refer to it as greenmail of the work force instead of blackmail because what it uses is the environmental process to hold up these plants. But again if you vote for this PLA tonight, this is what you will be voting for. Anybody that chooses to bid on this project, their workers will have to pay into health, welfare and pension plans, that belong to the unions. Regardless of the fact they may already have such existing plans. Their workers will have to pay union dues which will go and be used for political partisan purposes, which is what 90% of what union dues go to, not collective bargaining, not contract negotiation. Some of the union members in this room might want to go look at those facts, because they might start demanding their back rights and start getting some of their money back. But that's the reality of where the money goes. That's the reality of what dues go to. All workers have to come from a union hiring hall. Well, that's terrific unless a non union company, as Mr. Rech so aptly pointed, wants to bid on this, they seem welcome. Why should their workers be hired through a union hiring hall if their workers aren't in a union. The reason is because they want to implicitly and that's the term we need to look at tonight, there's explicit discrimination and there's implicit discrimination. Of course nobody can explicitly discriminate from, keep a contractor from bidding a project. But what you can do is you can implicitly discriminate by putting enough roadblocks in the way, enough hurdles, that a billion dollar company like the industrial company TIC which is going to be awarded that power plant in Riverside next week when the city council votes to approve the bid of TIC, a non union associated builders and contractor member company.

Billion dollar company, they're going to be awarded. Why should their workers be forced to go through a union hiring hall. By the way they'd be very interested in this project if there wasn't a PLA on it, so that's one bidder right there that isn't going to be interested in bidding this project. One of the finest and largest power plant constructing companies in the world and they're not going to want to bid this project because of this discrimination. A lot of this is repetitive, you've heard it, you're caught in a political vortex here that I can appreciate, being an elected official myself, I have to sit and make these kind of decisions and determine what my fiduciary responsibility is to the community. But I believe it is to do what's best for all the taxpayers and ratepayers and not just those that happen to belong to a union. Let every have a chance to work on this project. The unions produce good products. So do my companies. They produce great products. I hope you'd allow everybody to have a chance to bid on this project and do what's best. The fair PLA we sent you in our packets is a PLA, if that's where you think you need to govern this...

MAYOR: Your time's up.

CHRISTEN: Yes, thank you. Thank you very much.

GARBOLINO: Rocky, I have a question. This gentleman brought up Riverside. I'm going to ask staff. You brought, Riverside was brought up. And this gentleman already knows what the vote is, which is what caught my attention. Because if it hadn't gone to council, how did he know what the vote is. So, would you explain the difference between the Riverside project and our project? It's got to be different.

HABASHI: Yes. I think yes there is, the Riverside project is, is less than 100 megawatt project, and the process that they are using with the CEC is different than the

process that we are using. They use something called the expedited process, and I'm going to ask Scott to jump in and help me out to handle this one. The expedited process puts, um, certain limitations on any intervenors who get their intervention and their information to the CEC, and move that quickly. Because again, their project is less than 100 megawatts. Ours is 160 megawatts, we used an entirely different process, and it does not, um, it's not subjected to the same kind of, um, routines that we see at the CEC. Scott?

GALLATI: Yes, that's correct. Just to give you some frame of reference. The process that Riverside is going through is much like a mitigated negative declaration, where the process we are going through is more like an EIR process. Both of those are expanded. But the mitigated neg process is much more expedited and there's a lot less public involvement.

MAYOR: Before the next speaker starts, I'd just ask the audience to please respect everybody's right to say what they, you know, whatever they want to and please remember that. And we need to respect everybody and they can say what they want. Next speaker.

NOGLEBERG: Thank you for allowing me to speak Honorable Mayor and honorable council members. I'm going to try not to be redundant...

MAYOR: Can we have your name and address please.

NOGLEBERG: Oh I'm sorry. Dick Nogleberg, that's spelled N-O-G-L-E-B-E-R-G. I live in Colfax, Placer County. I have a business in Sacramento County, an electrical contracting business. I don't want to be redundant, so I just want to simply say that I made a bunch of notes tonight and I thought well, now that you're hearing the

talk, I just thought I should say that this should not be a union, non union issue. It should be an issue, um, for the best quality for the community. There are good contractors who are non union and there are good contractors who are union. The PLA simply gives you a, more of a successful predictable outcome. There are contractors that are large who are non union who might be doing a huge parking garage at Sacramento airport, but that's basically a lighting job, a power plant is a very complex endeavor. And it requires a high skill level. Now, I currently serve as the NICO Chapter president, here in northern California. I represent 136 electrical contractors. I have a lot of experience dealing with construction electricians. I must tell you on the average union training programs are absolutely unequal by any other organization. So when you hire a company that employs union labor, you have a better quality success. It's happened over and over again. As the projects get simpler maybe in magnitude, then this wouldn't be an issue. But for a power plant it's definitely an issue. So I'm just, I just want to say that I think you know, if you want to consider quality costs, schedule, safety, and stability, I know that the Associated Builders and Contractors, the Golden Gate chapter in San Francisco, has not graduated one apprentice in three years. It's a documented fact. We graduate thousands of apprentices. So if we want to be responsible, and we want to plan for our community, I think we should, I think we should deal with employers who pay, who pay, not only pay the prevailing wage, that's only part of the issue. The other part is to pay a health and welfare program, and a retirement program, so when construction workers reach approximately the age of 55 to 60 years old, and they're getting tired, they can't physically work anymore, they can take care of themselves. They're not going to be a ward of the county, or you're not going to

have to plan larger parks to accommodate, you know, workers who don't have benefits who have to have a place to sleep. So basically I think it's pay now or pay later. And when you're working on public workers projects, you're not even paying any more to start with. Thank you very much for letting me speak.

MAYOR: Thank you.

STRAWBRIDGE: Good evening council members. My name is Scott Strawbridge, I reside at 144 East G Street in Benecia, California. And I would like to say, I would like to congratulate, we're here to support your staff report. I thought they did an excellent job pointing out the very positive things that are involved with project labor agreements. I'd also like to say it's unfortunate that you get all these carpetbaggers such as myself and other associations coming into Roseville telling you what you ought to do on project labor agreements. I represent approximately 500 union plumbing, piping, air conditioning, refrigeration and insulating contractors. Many of them have participated in project labor agreements. I have never heard any of them complain that they're local collective bargaining agreement has been subverted by a project labor agreement. I'd also like to point out that a statistic was used that the union segment of the industry is about 17%. And while that may be the case in some other parts of the country, it is certainly not the case in the Sacramento and northern California area. If you study the contractor license records, there are hundreds of thousands of contractors who have licenses in the state of California, and it would be inappropriate for me to say that I represent the majority of the contractors when I represent about 500 of em, when there's that magnitude of people that actually don't belong to any association. But are out there trying to make a living. So I think the

important thing to do is to ignore people such as myself that come here tonight, and tell you what to do and listen to your local staff, and support their recommendation. Thank you.

MAYOR: Thank you.

KELLY: good evening. My name is Matt Kelly and I am the Secretary/Treasurer of the Sacramento Building and Construction Trades Council. I will be party to many of the agreements that are before you for approval this evening. I would like to indicate a few things that, uh, have previously been indicated, but I will give you a different spin on them. And one of them is apprenticeship. And according to state prevailing wage law, apprentices shall be used at 1 for every 5 hours of uh, an apprenticeable craft. So you have 1 in 5 employees on a construction project of this nature should be an apprentice. And I believe what you've got is you've got, as the gentleman indicated, you've got over 500 contractors that are, uh, affiliated with the Associated Building and Contractors, and these gentlemen, a small number of them, are actually affiliated with an apprenticeship program. And as the gentleman before me has indicated, they do not graduate very many people. So what I'd like to point out is that apprenticeships should be very important on your minds. Teach the young people in your community, teach the individuals that are out there working in the field, give them an opportunity to learn on this project. The next would be skilled labor. Our apprenticeship programs, as you've been told, are second to none. 80% of the construction workers, as these gentlemen would point out, are not union construction workers. And I want to point out to you that in this area, 80% of the construction is in housing. And these gentleman that are building houses, they work very hard for their

money, but they are not qualified to build a power plant. I would go on to point out that you've got a neighbor, a neighboring utility, SMUD, who has been in business a long time and done very well for the community of Sacramento. SMUD is, uh, worked with project labor agreements. SMUD is currently working with a project labor agreement on their Consumes power plant project. Telephone somebody over there and ask them how things are going. You'll understand they have no problems and the project's going very well. Uh. Fiscal insanity was mentioned. I don't understand where fiscal insanity comes from. This job is a prevailing wage project. I don't understand where they come up with that. I would like to, I would like to point out also that intervenors can be anybody. Intervenors on the Consumes project that were very instrumental in helping pass through the EIR phase, uh, was a woman that lived in a house up on the hill. So it's not just CURE, anybody can be an intervenor. I would also like to talk about a project of this size having a huge work force, probably a couple hundred men. And that you would need, you would need to understand that with a project of that size, you will need a set of rules that everybody is working under. And if you don't have a labor agreement, everybody's working under different rules. People become disconcerted because one company works under different rules than their company. And then you have problems. So a set of work rules that are steady for a project are very helpful, especially in a project of this nature. Once again, I would ask that you support this project this evening. And uh, if you've got any questions I'd be happy to answer them for you. I also am president of Carpenters Local 46. And I can assure you that 90% of my dues goes to the operation of that local union and the service of its memberships.

We do not have a PAC fund. So the broad statement of 90% of dues go to PAC funds is pretty erroneous. Thank you.

MAYOR: Thank you.

GERMAN: Mayor and city council, I'm Anna German, I reside here in Roseville at 48 McBride Drive. I've been an electrician since 1986 and I went through the apprenticeship program here and granted there are few of us women but we are on the power plant. I did work at the Sutter power plant, I've also worked on the wastewater treatment plant here in Roseville. And currently working on the high school science building. I'd love to work here in Roseville. I'd like for your support to keep this project here in Roseville with the PLA agreement. Thank you.

P Council and mayor, my name is Grantland Johnson, I'm representing the Sacramento Central Labor Council. I'm the council's Director of Community and Economic Development, and the council is strongly supportive of the PLA agreement. We believe that it makes sense from the business standpoint. And it also makes sense from the political standpoint in terms of the predictability, in terms of cost containment, cost effectiveness, in terms of on time delivery. I don't understand why there's a problem from the taxpayers standpoint and the business standpoint, and the political process standpoint with those types of outcomes. And this agreement will facilitate those types of outcomes. The last time I looked from the public policy standpoint, on time delivery, staying within budget, and being cost effective and using taxpayer dollars prudently makes sound sense. And tends to be supported by the broad public. And so we think that this agreement before you tonight, and the rationale laid out by your staff,

will again deserves your support, and so we urge your strong support for this agreement. Thank you.

JOSEPH: Good evening Mr. Mayor, members of the council. My name is Mark Joseph, I am both a carpetbagger and wearing a suit. I am the attorney for CURE. Um. I want to address two things. First council member Gray, I want to give you a direct answer to your question that Mr. Balgenorth couldn't answer, he lets me do the environmental stuff, um. The answer to your question is yes. The lead agreement specifically provides a list of mitigation measures which uh, are adequate in our view to address the concerns that we raised and in combination with the economic benefits of this entire package, justify our supporting your project. Second....

ROCCCUCCI: You would not support the project if the agreement wasn't approved is what you're saying?

JOSEPH: If the agreement is not approved then we have to look again at the balance of environmental harms and economic benefits. Let me tell you exactly why this project is a perfect example of why we need to care about that balance. At this very moment, the project does not have enough emissions offsets to run at full capacity.

ROCCCUCCI: I know that. I was one of the, we all were looking for this credit before, and the comment made earlier by someone who said that, you know, it's a trade-off between economics and environment. I don't believe that. We were trying to improve the environment with this power plant, and that's why we're so adamant about getting credits locally, and we're still working on that. I understand what you're saying though.

JOSEPH: And I'm glad. And you care about that. We care about that too, because as you are very well aware, without the required emission offsets, you can't build an industrial facility. You are required by law...

ROCCUCCI: Would you get those offsets for us?

JOSEPH: I wish I could.

ROCCUCCI: Okay.

JOSEPH: But I could tell you, we have, I'm very proud of this history, and I want to tell you the history because I think had we not been involved in power plants since 1997, you would not have even been able to find the credits that you did find. Here's why. In 1997, when the first of the new wave of power plants was proposed, it was proposed by a company called Transportation Energy, they proposed an emission made of NO_x , which is a major pollutant for power plants, of 4 parts per million. That was claimed to be state of the art at the time. We participated in that project, said you know what, we went out and found guarantees from pollution control equipment vendors, they were willing to guarantee it down to 2-1/2 parts per million. And we were successful in persuading the Energy commission to lower the emission rate, for that project. And then of course the air quality on all subsequent projects have to meet that lower rate. That means they'll need fewer offsets. At that time we were able to push the rate down to 2 parts per million. That's cutting in half the amount of offsets that these power plants consume. Had we not done that, the Sutter power plant, which we made an agreement for 2-1/2, the Sutter power plant would've needed a lot more offsets and there may not have been any left for you at all. Those kind of contributions to the environmental process are not greenmail. They are protecting our environmental

and economic interests, because construction workers depend on the next job. Construction of plants by nature are a temporary job, you work yourself out of a job. And we depend on new developments being sustainable. And if all the offsets get used up, there won't be a next job. That's what I, what we do is not greenmail, it's looking out for our own interests because we have a direct economic stake in environmental protection. Thank you.

GERIG: Mayor Rockholm, members of the council, my name is Wendy Gerig and I serve as the CEO for the Roseville Chamber of Commerce. And I have a letter that I would like to read into the record, and then have comments after the letter. "The Roseville Chamber of Commerce Board of Directors considered both the specific motion before the council, and the issues of public policy that underlie that motion. After extensive discussion, the following unanimous action was taken by our board that represents over 1,400 businesses. First, the Chamber takes no position with respect to the motion currently before the council regarding the project labor agreement. The Chamber's position is not a result of an absence of strong belief, instead the Chamber recognizes the difficult position that our council members are placed in due to the actions of the union representatives in offering to avoid threatening CEQA litigation in exchange for a contract to use only union labor. The Chamber understands the members of the council must keep closely in mind the costs of a public project to both business and citizens and act with those considerations in mind. Rather than signaling a lack of interest, the chamber's absence of a position on the motion is meant to avoid heaping another burden on the members of the council this evening. Rather, in the strongest possible terms, the Chamber opposes what has become the frequent misuse

of the litigation process in general, and the CEQA process in particular, by union representatives and their legal counsel. As in the case here, that manipulation exists where without genuine environmental concerns, union representatives threaten lengthy and expensive CEQA processing and litigation only to offer to forego such litigation in exchange for commitments to use exclusively union labor on planned projects. This misuse of the CEQA process burdens local governments and private citizens alike, by forcing important project decisions to be made on the basis of another's outside manipulation of the legal system and the cost of defending against the manipulative behavior, rather than sound considerations of policy, planning, government fees, building economy, and the environment. The fact that our city council is having to have this discussion tonight is outrageous." And I don't personally think it's the matter of the project labor agreement. I learned more tonight than I ever have, and it sounds like a wonderful tool, but how did it get before you tonight is a concern and um, the disbelief that Roseville Chamber has, and I thank you for your time.

MAYOR: Thank you. One more speaker, you're it.

OSBORN: Good evening, members of the council. My name is Jack Osborn and Mark took my thunder where I don't have a suit on, I'm not from San Francisco, I might be classified as a carpetbagger. I'm from Marysville. I'm very familiar with the Sutter project. I was going to comment that one of the intervenors, a couple of the intervenors were people that lived in the local area that were mitigation on dust and traffic impacts during the construction of the plant. I went to the opening ceremonies, uh, and it came on ahead of time and they did a good job. But my position here tonight, I'm a representative of IBEW Local 1245, and in fact in the city I represented the electric

department employees. And I'm here on their behalf as well as 1245. And I think, it's in support of the project, uh, labor agreement. I think staff has done an excellent job with preparing for this. Uh. I don't consider union labor, the police are organized and have a union right on the property. The firemen are organized, and have a union on the property. Um. Local 39 represents broad base of people, and IBEW 1245 represents electrical and wire employees. What we want is a safe reliable plant. The first thing I saw on that agenda was reliability, and I think the last two years, because of fiscal planning and reliability, you have received an award on a national level for your system reliability, three years, okay. And the reason for that is that you have good quality people working in all phases of it. I obviously think the blue collar workers go out and keep the lights on, and do an excellent job. And when there's a pass off, when that plant's completed, all the idiosyncrasies, if it is a maintenance contract, and an operational contract where our people will be employees of the city, and we get those technical, pass off of the idiosyncrasies to run that plant and operate that plant, that is great in terms of value to the city, as far as operational and reliability. So, my purpose here and I'm going to sum it up is I hope that, uh, we've all learned a lot here tonight, and I hope that the project labor agreement will be approved as recommended by staff. Any questions, I'll try to answer em, but that's all I have to say. Thank you.

MAYOR: Thank you. I'm going to close the public comment, and I'd like to take a break...

GRAY: I'd like to ask a question before we go. I didn't get a chance to ask Mr. Joseph a follow up question before he sat down. Just clarify things for me. You did

say that if we vote tonight to approve all these agreements, that basically as an intervenor before the CEC, CURE goes away? Is that right?

JOSEPH: If you look at the lead agreement, it describes exactly what CURE will do. We do not go away. In fact, we become supportive of the project because the nine environmental issues listed...

GRAY: That's fine. You become supportive of the project.

JOSEPH: Correct. You've addressed the concerns that we raised.

GRAY: If we don't approve these agreements tonight, but we do agree to these nine issues, do you still then support the project?

JOSEPH: If you, um, pick and choose and do some parts of this package and not others, then we have to step back and look at the balance again. We have to look...

GRAY: Well, isn't your balance the environmental issues? And I just said if we agree to meet these nine issues that you've put in the lead agreement, but we don't agree to the other agreements, do you support the project?

JOSEPH: Our balance is exactly the same as the balancing that you go through every time you are presented with a project for which there is an EIR. And you are required by CEQA to find all the impacts that can be mitigated have been and from the impacts remaining, you have to make a finding of overriding considerations that the economic benefits justify, um, putting up with the environmental impacts. That's exactly the same balancing that we're doing. Same balance you're required to do under CEQA, we will step back and do exactly that same balancing. That's exactly what CEQA intends, and exactly what we will do.

GRAY: That's enough.

MAYOR: We'll take a break before we do our deliberations. So we'll be in recess for five minutes.

RECESS

MAYOR: I'll call our meeting back to order please. Please take your seats. If everybody can take your seats we'll get started again. I'm going on vacation tomorrow so I want to get an early start. Okay. I want to thank everybody who gave testimony tonight in an orderly professional manner, and they said what they had to say and uh, that's the way good decisions get made, um, at the end of the day is having good input and having a balance, you know, I think this is good for people to say their view, either you're for it or against it, because we ultimately have to make the decision, and then everybody'll be mad at us. So everybody who spoke tonight, your madness against you will probably be short-lived. Um. So we'll start our council deliberations. And I'm going to start to my left with Councilmen Roccucci and Council member Allard, then we'll skip to the other end and I'll be the last one to talk.

ROCCUCCI: Well, there's a couple items, and again I do want to thank the people, although we had gotten a lot of the information not only in our agenda packet, but we all received a ton of emails, and um, personal phone calls. But a couple, and I want to thank staff because I think they've outlined the pros and cons. A couple things still bother me on this whole issue. Um. And one sentence, I think somebody already mentioned it, on the second page of the staff report, it says 'these agreements would remove CURE as adverse intervenor against the project and place them in the position of supporting the project from any process.' I find that disturbing in the fact that the environment is the environment. I think we should all be working toward that goal

regardless of the project, whether we can get better technology in the plant or offset credits. So that to me doesn't, in my way, it doesn't make sense to me. Um. Also it says 'all business decisions are balanced of weighing the pros and cons.' That's true. But I'm not sure this is even a business decision. It's, I find it it's a core mission versus core value and to me the way this would be presented, I hate to use too strong of words, but anyway, because they've already been said before, but um, I would like to see the process, like we bid any of our processes. We, our new sewer treatment plant did not have a PLA and it's going to be open here pretty shortly, and I think it's a pretty complex plant from what I've seen. So I guess that's about the only comments I have on the staff report and your comments.

MAYOR: Okay, John.

ALLARD: Can I ask staff a question?

MAYOR: You bet, it's your turn, you can do whatever you want.

ALLARD: I'm just wondering, um, this, this CEC, CEQA process is, is a joke in my opinion, um, but unfortunately that's not something the city of Roseville or the city council can change. That takes action at the state legislative level, and I'm just wondering have there been any efforts at the state legislative level to look into this, and try to address really what's being done here tonight?

HABASHI: We actually um, Dave Cox introduced a bill a couple of years ago and it did not get out of the committee.

ALLARD: Okay. If this is ever going to change, that's where it's going to have to change. Because right now we're kind of stuck between a rock and a rock.

HABASHI: You are very correct. If the Senate was counseled, we might be able to change what's going on with the CEC and we would be able to work out whatever differences that CURE and the opponents of CURE have.

ALLARD: Okay. I wanted to ask one other thing. I've received, I don't know, probably close to 100 emails and phone calls, etc. over the last three days, from Roseville residents, people who live in Roseville, that are actually Roseville ratepayers, that would be impacted by this decision, um, asking me to you know, most of them opposed this PLA agreement. I wonder of all of those who stood up and said you were in support of the PLA agreement, can those of you who are actually Roseville residents please raise your hand. Okay, I just wanted to get an understanding of that. Thank you. Um. Let me just first say that I'm not anti union. Um. I'm not going to base my decision tonight on whether I'm pro union or anti union. But, uh, what I'm going to, what I'm opposed to about the process we're currently going through is how it can be manipulated to delay, increase costs, to threaten the reliability of energy for a community like the city of Roseville. But as was just recently pointed out by our electric director, that's the current process. The state legislature has not seen fit to change it, and until the state legislature changes it, this is the process that we're stuck with. Um. In my opinion, it's disgusting. This is a disgusting process. The question was never answered by the two gentleman about whether or not if we approved the PLA, whether or not they will then support this project. We don't know the answer to that question. If we support the PLA, CURE's objections go away. It's as simple as that. And I don't know why you couldn't say yes or no. But it's as simple as that. So we're faced with do we approve the PLA and your opposition goes away, our plant will be built in time, on

budget, we'll have the energy that we need in 18 months or whatever when we begin to run into problems with the current amount of electricity we have with other contracts. Or do we oppose it and face delays, litigation, increased costs, uncertainties, the threat of having to go out to the open market to find energy which now I hear tonight on the radio, as I was coming out here, we're running into an energy shortage again. We're using more electricity than we've ever used in California. And I believe it's 50 or 60% of our energy would be coming from this electricity, would be coming from this power plant in 2007.

HABASHI: That's correct.

ALLARD: 2008 it will be more like 60%.

HABASHI: In fiscal year 2007, it will be about 30-40%, then it will be 50-60 in fiscal year 2008.

ALLARD: So that's a different decision, and quite honestly I'm disgusted that I'm put in a position to have to make a decision like that because we're in between not a rock and a rock, we're in between a boulder and a boulder. If you don't do what we want you to do, then we're going to take you to court and we're going to jam you. I'm 100% opposed to what we're being asked to do tonight. Um. Personally, philosophically, and politically. I hate this. However, as a member of the Roseville city council, I also serve as I guess, I'd guess you could say on the board of directors of Roseville Electric, and Roseville Electric is a business. And I have to do, as a member of the board of directors of Roseville Electric, what's best for the ratepayers of Roseville Electric, and that is people that live in Roseville. Not that come from San Francisco and Benecia and Sacramento, and wherever else, Marysville, wherever you come from.

What's best for the ratepayers that reside in Roseville. That's what I have to do. And this is a business decision. Roseville Electric is a business. So by getting the Roseville Energy Park built as quickly as possible, and as close to budget as possible, the electric rates in Roseville will continue to remain competitive and low, affordable, and will continue to be one of the reasons why people want to come to Roseville, and large businesses locate here. Hewlett Packard, NEC. It's because they have reliable, affordable electric rates. And so my decision tonight is going to have to be based on, as much as it disgusts me, what's best for the ratepayers of Roseville Electric. And I would ask those people who are here representing CURE, after this vote's cast, I want you to go outside and think about what you're doing tonight. Whether or not you feel good about what you're doing tonight. Because we all know what you're doing tonight. And we all know you're going to continue to do it, and I think most of us know the state legislature's not going to change this process anytime soon because of the strength of the unions in Sacramento. I want you to think long and hard about what you're doing tonight. Thank you.

MAYOR: Jim.

GRAY: How do I follow that. But since I went to the trouble of putting together a bunch of notes today, in the midst of getting as Mr. Allard says, getting many, many emails and phone calls beginning yesterday, so let me just go through my notes. First I want to say the activities of CURE that have been talked about tonight, though not illegal are in my opinion highly unethical. This is a desperate attempt to stop or slow down the continued loss of private sector union power and influence. The very basic premise of government is equal opportunity, not only in employment but in the purchase

of goods and services and the awarding of contracts. Agreeing to a project labor agreement is an *** to all we believe in. I have been involved in local government for over 35 years. And have always supported fair and open competition. What is going on here is simply wrong. The record seems to be clear that when CURE intervenes and an agency agrees to a PLA, the application process takes about 12 months to approve. When CURE intervenes and an agency refuses to agree to a PLA, the application process takes an additional 12 to 18 months. A significant unnecessary delay. As staff has pointed out, a PLA will increase the cost of construction from, I think it's somewhere in the neighborhood of \$100,000 to \$6 million, we just don't know. Refusing to agree to a PLA will increase the cost from approximately \$3 million to \$15 million, again we don't really know what the magnitude is. Plus the unknown costs of higher power in a volatile market. And you have to remember as a result of the probable increased costs, we would most likely be looking at rate increases, I believe it's correct, from 15 to 20% down the road. I received, as I said, many, many emails in opposition to the PLAs, and many phone calls in opposition. And I also received in fairness, beginning this afternoon, quite a few emails in favor of the PLAs. I don't recall any phone calls in agreement. But for those of you that oppose the PLAs, I think I need to ask you to think about, because the people I did get a chance to talk to who were in opposition to the PLAs, when I explained to them that potentially high increased costs to refusing to agree to the PLA and the very high potential of increased rates in a few years, then they began to understand what position we were in. I come from a union background. My father was a forty-plus year member of the IBEW. He worked on Grand Cooney Dam, Shasta Dam, Hoover Dam, many of the western area dam projects. I worked as a union

laborer in the sixties, I also worked for the United Auto Workers. So, I have some union sympathies in my background if you will, although I spent my career as a labor negotiator for management. So like most of you, and as I'm hearing tonight, I really detest what I think is the unethical conduct that has put us in this unfortunate situation. However, as Mr. Allard says, my responsibility is to do what's best for the people of Roseville. So what do I do. Do I stand on principal and refuse to be greenmailed, and deny the PLA , or do I make the logical business decision that is in the best interest of the people of Roseville and agree to the PLAs, and save the people of Roseville potentially millions of dollars.

GARBOLINO: I'm not going to repeat everything my colleagues have said, but I think it's pretty well clear that we're all in agreement as to how we feel the CEQA process being used for other than environmental issues. It's being used in this case, it's been used in other cases too. People do projects, you have the CEQA process which is quite detailed, and then somebody sues to see if they can get something else. And this is something we are facing with all the other issues. It has been well said, eloquently by my associates here. One of the things we do have to remember which is unfortunate because of the process, we're not in control. Roseville likes to be in control. We like to call the shots on how we grow and how we do things. And we're good at it, we've been very good at it for many, many years. But we're not, (inaudible) the CEC so we're kind of just a party to that. I really think that if this whole situation with the CEQA being used for other than legitimate environmental issues should be taken by both parties to get it finally resolved, at the legislature or the government level, you know. How many cities have to go through what we've been through. I've certainly learned a lot, I'll tell

you that, but it has not been pleasant, it's been very difficult and it puts us against ourselves and our citizens. We're trying to do the best for our citizens. And I too am going to do what's the best for our citizens. I'm not going, I don't want to spend millions of dollars of public monies to fight a lawsuit. I don't want to put the citizens, the citizens are used to very reliable power, you know, we don't have blackouts and brown outs, everybody around us has, but we don't have em. And why is that? Because we do a good job. And I'm not going to put our citizens at risk to having those kind of lower services and higher rates. And it's true for businesses too. I think it was mentioned we have excellent businesses in Roseville who are here because of reliable power, which is driving us in the direction we are going. So I hope in the future that these issues will be dealt with so other cities won't have to go through what we're going through today. And I too will make the decision, in my heart, what is the best for Roseville, not necessarily something I feel is the best on another level.

MAYOR: Thank you. I will concur with a lot of what was said, but I'm going to maybe say a few things a little differently. Over the course of my life, I've worked in sawmills, some in unions, some in not union. I've worked in wholesale beer sales and soda pop sales, non union. And then when I became a law enforcement officer, I was the president of the police association for eight years. So I've been on both sides of the, of the coin when it comes to labor, and I support labor. Labor whether it's union or non union, is the backbone of this country. It's what makes everything go, it's where the rubber meets the road, or the metal meets the track, and it depends on that. That state, the core problem is not with CURE, and it's not with the city of Roseville, it's not with Roseville electric and it's not with us as elected council members. The state has

created this problem with the CEC and the CEQA process. That's where it needs to be changed. We, we are not empowered as local council members to change something of that magnitude. I received calls from NEC, Hewlett Packard and Sutter, not saying they necessarily supported the PLA, but what they do support is their cheap reliable energy Roseville Electric provides. I've also heard that from our citizens. I've heard from people that live in Sun City opposed to union's philosophically or they just don't like what's occurring. I don't like the way this has occurred but again, the business decision here is what impacts the entire city, and life has to go on and people in Roseville especially, have come to expect reliable energy. I like that, my clocks don't go off, my energy is always on. I heard tonight best quality and best for the community. And when you look at costs and what it would cost to defend ourselves, I don't think that's the answer. We've gone down that road a couple times since by four years on the council and we haven't been too successful at it. Um. Personally I have some philosophical feelings that I would like to do, what rocky thinks I should do, but this is not a case where I have that privilege. As an elected city council member I have 96-97,000 plus people that live in this community to think about, and the union and non union workers that work and live in this community. My father-in-law was a railroad worker, union member for years. My dad was a concrete worker non union. So again, my family has a history of it. What we're looking at here is Roseville Electric has done the best they can at negotiating this as has the other side. We need to build a power plant, we need to have reliable energy for the future and so the decision we have to make tonight has to be based on those things, and not what we personally feel. So, I would say that, um, I guess it's time to do the question and I'll call for the question, and we'll make our vote.

ROCCUCCI: I move that we not approve the five agreements.

MAYOR: Do we have a second for that? That dies for lack of second. Do I have another motion?

GARBOLINO: I move that we accept staff's recommendation regarding the Roseville Energy Park.

GRAY: Second.

MAYOR: Roll call.

CLERK: Garbolino

GARBOLINO: Yes

CLERK: Allard?

ALLARD: Yes.

CLERK: Roccucci?

ROCCUCCI: No.

CLERK: Gray?

GRAY: Yes.

CLERK: Mayor Rockholm?

MAYOR: Yes. Thank you for your participation.

