

San Jose Considers Big Changes To How City Awards Construction Bids

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SAN JOSE – Hailed by some for protecting private development from onerous and costly labor requirements and criticized by others as a blow to free-market competition, the San Jose City Council approved sweeping changes to how government contracts are handed out.

“I have some deep concerns about this on many fronts,” said Councilman Johnny Khamis. “I think a lot of these issues will affect taxpayers.”

Under the changes, bidders for any city-funded construction project over three-million dollars will have to meet strict hiring requirements including using local labor, employing underrepresented minorities and taking on apprentices.

“What we’re trying to do here is create good, quality jobs for local workers,” said Executive Director Ben Field of the South Bay Labor Council. “And we know that there is a serious lack of quality jobs for local workers — especially construction workers.”

San Jose Mayor Sam Liccardo acknowledged that so-called Project Labor Agreements would likely result in higher construction costs for the city, estimating that the practice could add as much as 15 percent to the price of a project.

“I still agree that Project Labor Agreements can increase costs but what I said specifically applied to repairing our roads or renovating our parks,” said Mayor Liccardo, noting that repair and maintenance projects were granted an exception to the new requirements.

But Mayor Liccardo argued the greatest benefit of the deal was it shielded private developers from hiring requirements unless they received a public subsidy – typically land or money – from the city.

But opponents say that protection comes at a cost. Non-union contractors say the deal is a power grab by their union counterparts and fear they will lose out on lucrative government contracts.

“Six out of ten workers in this area don’t belong to a union,” said Nicole Goehring, spokesperson for Associated Builders and Contractors. “But they’re going to be excluded from this work. We should be looking for opportunities for all the workers here — union and non-union.”

The City Council also approved changes to how contracts are awarded, moving from a system that selected the “lowest responsible bidder” to one that favored the “best-value bidder.”

Mayor Liccardo says the new language allows the city to broadly consider a contractor’s qualifications and past job performance.

City Councilman Khamis expressed concern that the new criteria was overly vague and therefore ripe for abuse.