



Project Labor Agreement (PLA) Consulting Services

Project Labor Agreements (PLAs)

Project Labor Agreements ("PLAs") are single-site craft labor agreements used in the construction industry to provide reliable, cost-effective project staffing for capital construction projects. Accepted widely throughout the United States for industrial, commercial and public construction, PLAs are required by hundreds of project owners each year to facilitate billions of dollars worth of new construction, renovations and other capital improvement projects.

When seeking to use a PLA a project owner usually adopts a short-form PLA bid specification in its project plans and specifications. This specification requires all construction firms working on the site to abide by employment terms stipulated in a model PLA document attached to the specifications. Once in place, the PLA bid specification provides all site contractors and subcontractors access to skilled construction personnel through the job referral systems operated by local building trade unions.

The building trades' referral systems, which by law must be open to **union and non-union employees and applicants**, provide a critical project planning/project delivery tool. By supplying an organized structure within the industry for recruiting, screening and deploying hundreds, or even thousands of skilled craft personnel in multiple trades, these systems allow construction users to access a reliable supply of trained craft personnel and predict future labor costs for capital projects accurately. Owners not only obtain cost-effective staffing, but also secure quality control over the entire craft labor force for a project.

Although legal challenges have been raised in the past over the use of PLAs on publicly-funded construction, these lawsuits have generally failed. In most cases, courts have upheld the use of PLAs and, in doing so, have emphasized the substantial benefits these agreements provide to construction owners in terms of project planning and project delivery. For projects developed by state and local governments, the legal battles regarding project labor agreements are generally over and PLA opponents have ceased legal challenges, given the futility of such challenges, unless the process used for planning and developing the PLA is somehow flawed.

When considering PLAs for public construction, the most important step in the beginning of the process is due diligence. An economic study is usually advisable for public sector projects to evaluate whether the PLA will facilitate economical project delivery and serve the best interests of the project owner. As further discussed below, however, when such analyses are properly designed to take into account the key advantages of PLAs, as well as relevant market conditions, they invariably conclude that this project planning tool promotes economical project delivery and serves the best interests of the government owner and taxpayers.

The most common approach to PLA construction is for the project owner to include a PLA requirement in bid conditions or specifications it establishes for contractors seeking to bid the project. PLA projects are open to bidding to all contractors, union and non-union. Under the terms of the PLA, all site contractors and subcontractors are bound to certain uniform terms and conditions of employment for all craft personnel hired for the project.

PROJECT LABOR AGREEMENTS: BASIC FEATURES

PLAs are generally limited to a single site or single construction project and the contractors and subcontractors hired for the project are required to abide by the labor terms and conditions only for that project. The typical provisions included in most PLAs are as follows:

- (a) All contractors and subcontractors, of every tier, on the project are required to be parties to the PLA;
- (b) The agreement should cover all work performed by all craft workers employed on the project;
- (c) The appropriate labor organization is recognized as exclusive bargaining representative for employees in its craft;
- (d) Hiring is conducted through union referral or placement procedures on a non-discriminatory basis;
- (e) Uniform work schedules, holidays, overtime provisions, start times, work-day, work-week duration, work rules and other terms are used;
- (f) The PLA, being site-specific, is solely for the length of agreement whether or not individual craft collective bargaining agreements expire;
- (g) "No-strike", "no lockout" and "no picketing" provisions;
- (h) Dispute resolution is through a grievance-arbitration procedure;

- (i) Prevailing wage laws are applied to wage and fringe benefit payments;
- (j) Apprentice program and local minority hiring are utilized;
- (k) Joint labor-management pre-job conferences are used; and
- (l) Jurisdictional disputes resolved through AFL-CIO Building Trades' Plan for Settlement of Jurisdictional Disputes in the Construction Industry.

The fact is that when a proper due diligence investigation is conducted during the planning phase for most large construction project, construction professionals will normally conclude that the use of a PLA will facilitate timely, cost-effective project delivery. **But the investigation must be conducted.** These facts must be documented. When this approach has been used, courts have repeatedly upheld PLAs.

Arace & Company PLA CONSULTING SERVICES

Arace & Company provides Project Labor Agreements (PLAs') Due Diligence; economic studies for public sector projects to evaluate whether the PLA will be economical and serve the best interest of the government owner and the taxpayers. The analyses takes into account the key advantages of PLAs', as well as relevant market conditions. Arace & Company PLA studies include the following.

- Project potential cost savings, direct and indirect that may be realized through the implementation of PLA
- Potential cost savings from on time and on budget completion of the project
- Potential for cost savings from coordinating all site contractors, subcontractors and craft personnel to a single labor policy, and establishing uniform terms and conditions for the project
- Examine cost savings from implementation of uniform work schedules, holidays, overtime provisions, start times, workday, workweek duration, and work rules.

- Potential benefits of ensuring labor harmony for the duration of the project, avoidance of costly delays and strikes through mandatory grievance procedures and no strike/no lockout provisions.
- Historical data on the use of PLAs in region.
- Will a PLA provide more immediate access to an adequate pool of skilled journey-level workers and apprentices for each trade for the full term of the project?