



Pre-Construction Labor Agreements Mitigate Labor Impacts

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Statement:

The potential for labor-related impacts during the execution of long duration projects can be mitigated by utilization of a Project Labor Agreement (PLA). PLAs can be used for new construction, facility maintenance and repair, and for decontamination and decommissioning work. PLAs have been used by both NNSA and EM, as well as other government agencies, including the Department of Defense (Corps of Engineers, Air Force, Navy), Tennessee Valley Authority, and National Aeronautics and Space Administration. PLAs are not without potential disadvantages, and project teams should consider all aspects of PLAs prior to engaging with contractors and consider enlisting external support for development of PLAs.

Discussion:

A PLA is a collective bargaining agreement that applies to a specific project and can last for the duration of the project. Essentially, it guarantees the project will use union labor. Historically, the use of PLAs on federal and other publicly funded projects dates back to the construction of the Grand Coulee Dam in Washington state in 1938 and the Shasta Dam in California in 1940. During and after World War II, atomic energy and defense construction projects used PLAs. NASA used PLAs in construction at Cape Canaveral, FL, during the 1960s. In addition, the private sector has used PLAs on various projects, including the Trans-Alaska Pipeline and Disney World.

EM's Savannah River Site has experience using PLAs (see reference 1, "Project Labor Agreements (PLA)" for a discussion of Savannah River Operations Office experience with 3 PLA contractors). Some advantages in SRS's experience include preventing strikes/lockouts, work stoppages, and work slowdowns. It also provides uniform work rules, cost containment, access to skilled labor force, and improved productivity for all contractors. Some potential drawbacks of PLAs identified by SRS include contractors generally paying higher wage/benefit rates, mandatory hiring through union halls, and limited competition.

NNSA's National Ignition Facility (NIF) project also utilized the PLA (see reference 2 for the NIF Lesson Learned for more details). The NIF project team stated that the use of a Project Labor Agreement, particularly for projects utilizing many trades over a substantial period of time, minimized the potential for labor-related schedule impacts such as strikes and work stoppages, and helped assure access to the craft labor resources. NIF utilized a PLA and did not experience any adverse impacts due to labor disputes during the entire period of execution.

The General Accounting Office reported on Project Labor Agreements in 1998 (see reference #3). DOE (along with Tennessee Valley Association) appeared to be the most actively involved in the use of PLAs. Proponents stated that PLAs provided economic benefits such as 1) avoidance of work stoppages on long-term projects during which local collective bargaining agreements of different craft unions expire, 2) uniform work rules for different crafts working on the same project, and 3) access to a skilled labor force through the union referral system. Opponents say that, among other things, PLAs, particularly in the public sector 1) discourage competition by favoring union companies and 2) result in higher costs due to the restricted number of bidders, higher union wages, and the imposition of union work rules.

Analysis:

There are advantages and disadvantages in utilizing PLAs. Although DOE cannot be a party to any contractor-union negotiations, it is the responsibility of the agency to know and understand what is in the PLA and its impact on the project. NNSA NIF management sought advisement from consultants concerning benefits of the PLA and selected a professional organization specializing in PLAs to prepare and negotiate the terms of the agreement.

Specific dollar savings in using PLAs are hard to obtain. The cost of an averted strike or work slow down is dependent on the length of time and numbers of workers involved. On the NIF project, the estimated cost saving resulting from only the wage differences, overtime pay, use of apprentices, travel and subsistence pay, and holiday pay was \$2.6 to \$4.4M on the multi-billion construction project.

PLAs can be controversial as well. Anti-union associations decry PLAs as discriminatory against merit shop contractors and disadvantaged businesses. As only 14 percent of the U.S. private construction workforce is union (2013 Department of Labor survey), PLAs can considerably limit availability of labor in certain disciplines and regions.

It is imperative that project and acquisition teams fully evaluate the pros and cons of using PLAs. The best benefit that PLAs offer is a pledge to avoid strikes and speedily resolve labor disputes during the course of the project. The disadvantages are the possibility of increased costs by mandating union wages, work rules inhibiting competition, and potential public relations backlash against mandated union laborers.

Actions:

1. FPDs should be knowledgeable about Project Labor Agreements. Seek advice from consultants concerning the potential benefits of the PLA and selected a professional organization specializing in this area to prepare and negotiate the terms of the agreement.
2. Management should evaluate negotiated terms against established objectives and concluded if using a PLA is an appropriate path forward.
3. If the project's contractor decides to utilize a PLA, the FPD should utilize their IPT and include the Federal Contractor Industrial Relations Team, Public Affairs, and other experts to maximize benefit to DOE.
4. Hold contractors accountable for meeting requirements of PLA to prevent disruptions caused by possible violations

Critical Decision(s): CD-0, CD-1, CD-2

Facility Type(s): D&D-Non Nuclear, D&D-Nuclear, Infrastructure

Work Function(s): Acquisition, Project Management, Construction Oversight

Technical Discipline(s): Construction



The exterior of the National Ignition Facility at Lawrence Livermore National Laboratory, a ten-story building the size of three football fields, is pictured at sunset in September of 2010. NIF is the world's largest and highest-energy laser system and the nation's largest scientific project. (retrieved from <http://flic.kr/p/9Q63eC> February 18, 2014)

REFERENCES:

1. Savannah River Operations Office presentation by Craig Armstrong dated July 23, 2009 and titled: Project Labor Agreements (PLA).
2. HSS LL PMLL Identifier: PMLL-2010-LLNL-NIF-0006, title: Pre-Construction Negotiations with Trade Unions Are Critical.
3. US General Accounting Office report on Project Labor Agreements and the Extent of their Use and Related Information dated May 29, 1998.