

**MEMORANDUM**

TO: Patricia deLaBruere
Airport Manager

FROM: Catherine Fritz, AIA
Airport Architect

RE: Project Labor Agreement
Snow Removal Equipment Facility

DATE: August 6, 2013

The information below considers the use of a Project Labor Agreement for the Airport's upcoming Snow Removal Equipment Facility (SREF). The review is organized in nine categories that are considered the test conditions by which a PLA would be reasonable to meet public procurement interests. These are referenced on page 6 of Assistant City Attorney Christopher Orman's July 24, 2013 memo, and are articulated in more detail in a 1999 Alaska Attorney General Decision titled "The Legality of Project Labor Agreements." The City has used the nine test conditions to determine the appropriateness of inclusion of a PLA in the contract.

Test Condition 1. The Construction Project is very complex.

At nearly 55,000 square feet in size, the SREF is a large building by Juneau standards, but it is not a complex construction project. The contract documents have been prepared for a traditional single general contractor using industry standard low bid procurement. The contracting terms are typical of other airport projects and CBJ policies. The building design features common materials and expected methods of construction.

Test Condition 2. The project is to be constructed over an unusually long period.

The SREF is scheduled for 18 months of construction. The relatively simple building form and materials are expected to allow construction to follow a predictable schedule. The construction documents do not require phase or component completion. While a contract completion deadline is set forth in the documents, the project is not considered time sensitive in that existing operations can continue until the new facility is complete.

Test Condition 3. There has been a history of labor strife on past projects concerning the same facility.

No history of labor strife for projects at the airport, or in CBJ in general, has been present for many years. Both large and small dollar value projects at the airport have proceeded without labor complications. This includes four terminal renovation construction contracts since 2008 that did not use PLAs.

Test Condition 4. There are demonstrable cost savings or other efficiencies flowing from a PLA.

The potential cost savings that might accrue as a result of including a PLA as opposed to a project without a PLA are difficult to quantify.

The PLA typically promotes a no strike provision, uniform working conditions for trades included in the PLA, and a local referral system by each union to maximize the pool of qualified workers. These "avoided

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cost” savings are particularly elusive because CBJ only sees the savings if something does *not* occur, which conversely, implies that they will occur without a PLA. There lacks available data to support a claim of cost savings from the use of a PLA.

Labor costs are set by State and Federal laws governing wages, hours, and conditions of work (Alaska Statute Title 36). The collective bargaining agree with the Associated General Contractors sets wages by reference to the Davis Bacon Act and Title 36 rates; it appears that wage rates are unchanged by the inclusion of a PLA.

In 2009, Coogan Construction Company claimed for added costs related to the PLA and the Juneau Building Trades Council’s failure to perform to the terms of the PLA during construction of Thunder Mountain High School. The specific terms of the PLA must be carefully developed to ensure that conditions are realistic for both the trade unions and the project’s interests, because enforcement of the provisions of a PLA can be problematic.

If the Airport Board desires a Project Labor Agreement for purposes of claimed cost savings, then the bid can be structured to include the PLA as a separate bid item. If developed this way, then the Owner would be able to choose its inclusion or rejection after bid prices are known.

Test Condition 5. The Owner-agency is operating under court mandated deadlines.

There are no such mandates.

Test Condition 6. There is some unique feature of the project which necessitates the use of an agreement.

The design of the SREF is straightforward and typical in its detail. Specialty trades are not expected for the project. Alaska (and SE Alaska, especially Juneau) residents are expected to make up the work force.

The PLA used in CBJ past projects allows both union and non-union contractors to bid and work on the project. It is expect that there is a sufficient labor pool in Juneau for a majority of the work. Additional workers from other Southeast Alaska communities and from Anchorage can be expected for some trades such as glazing and flooring installation, where Juneau has not historically had significant numbers of workers.

Until 2009, all FAA-funded projects at the Airport proceeded without a PLA. The FAA does not issue an opinion in favor of, or opposed to, in the inclusion of a PLA in projects that it provides funds for. Consequently, it is expected that the SREF will attract several bidders and there will be a sufficient pool of qualified labor whether or not a PLA is included.

Test Condition 7. The project unquestionably present[s] special challenges to the owner-agency.

While the SREF is a large facility with a significant cost, it will be much simpler to construct and oversee than recent RSA projects that used PLAs, or the terminal renovations, which did not use PLAs.

Nearly all of the work will occur on the non-secure side of the airport. The new building has no adjoining facilities and will not interrupt airport operations. The interface with air traffic will be minimal – limited to air space notifications for cranes to erect steel.

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The airport is prepared to administer the construction of the facility with qualified staff and consultants. It will not require additional specialization of expertise, as the building's form and materials are straight-forward and utilize standard materials and methods of the industry.

Test Condition 8. The project requires multiple general contractors or an unusually large number of contractors or subcontractors.

Contract provisions specify the use of a single General Contractor for this project. Steel erection, carpentry, and concrete work are significant trades in the SREF design that are often completed by employees of the General Contractor. This reduces the need for subcontractors.

Subcontracting is expected to be average, or less than average, in number and percentage of total building cost. The largest subcontracts are expected from plumbing and electrical trades, both of which have qualified union workers in Juneau that worked alongside non-union trades in completing renovations to the airport terminal that did not use PLAs.

Test Condition 9. The scope of the project could result in conflicts between competing labor unions regarding jurisdiction over the same type of work.

Given the limited number of trades involved and the positive existing relationships between members of the Labor Council, there is no indication of conflicts between labor unions. Further, the construction documents are designed and organized according to industry standards, allowing the General Contractor to make clear distinctions during bidding.

Finding and Recommendation:

The SREF is not a complicated, complex project with regard to the number of trades involved, the technology included in the design, or expertise required to meet the construction requirements. The design uses standard materials and components. It will be constructed outside of secure areas of the airfield and will not require specialized construction management expertise from the Owner.

Potential costs savings or efficiencies due to a PLA are diminished due to the expected available labor pool within Juneau and Southeast Alaska. Coordination between multiple prime contractors is not relevant, and communication between subcontractors is expected to follow traditional contract conditions through the General Contractor.

This project stands alone from others on the airfield and its construction does not affect airport operations.

Based on the above analysis, the Snow Removal Equipment Facility contract does not meet the test conditions for a Project Labor Agreement, and therefore, I recommend that the project proceed without a PLA.