

**FINANCIAL ASSISTANCE POLICY AND OVERSIGHT
DIVISION
DOT DASH
2010-04**

Date: July 30th, 2010

To: Financial Assistance Agency Point of Contacts

From: Financial Assistance Policy and Oversight Division

Subject: Utilizing Project Labor Agreements (PLAs) on Federally Assisted Construction Projects

Summary: On February 6, 2009, President Obama issued Executive Order 13502 (the Order), on the use of Project Labor Agreements (PLA) for Federal Construction Projects. In the Order, the President announced that it is the Federal Government's policy to encourage executive agencies to consider the use of PLAs on a project-by-project basis for large-scale construction projects, (i.e., projects where the cost to the Federal Government exceeds \$25 million) in total project cost.

The universe of DOT projects that could potentially benefit from PLAs are federally-assisted large-scale construction projects awarded by DOT recipients of federal financial assistance, such as recipients of the Federal Aviation Administration (FAA), Federal Highway Administration (FHWA), Federal Railroad Administration (FRA), and Federal Transit Administration (FTA) funds.

The Order specifically permits the use of project labor agreements in projects receiving Federal financial assistance. Under the terms of the Order, modal administrations may grant requests by State recipients to use PLAs. The Order establishes that the policy of the Federal Government is to encourage the consideration of PLAs for large-scale construction projects due to the benefits that PLAs can offer by promoting the efficient and expeditious completion of such projects.

The Operating Administrations will consider approving the use of a PLA upon a DOT recipient's request if the recipient has made a reasonable showing that the use of a PLA on the project will advance the interests of the government and the PLA is consistent with law.

If you have any questions or concerns, please contact Ellen Shields at 202-366-4268 or Ellen.Shields@dot.gov . .



Ellen Shields, Associate Director
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Attachment

Federal Acquisition Circular 2005-41
Summary of Final Rule
Project Labor Agreements

This final rule amends Parts 22 and 52 of the FAR to implement Executive Order (EO) 13502, Use of Project Labor Agreements (PLA) for Federal Construction Projects. The final rule encourages Federal agencies to consider the use of PLAs on a project-by-project basis on large-scale construction projects, such projects defined as at least \$25,000,000 in total project cost.

Under the EO and final rule, a PLA, which is a pre-hire collective bargaining agreement on construction projects must, among other things: bind all contractors and subcontractors engaged in construction on the construction project to comply with the project labor agreement for the life of the project; allow all contractors and subcontractors to compete for contracts and subcontracts without regard to whether they are otherwise parties to collective bargaining agreements; contain guarantees against strikes, lockouts, and similar job disruption; and contain effective, prompt, and mutually binding procedures for resolving labor disputes arising during the term of the project labor agreement.

The final rule encourages agency planners during acquisition planning to consider the use of PLAs. The rule also identifies a number of factors that agencies may consider to help them decide, on a case-by-case basis, whether the use of a PLA is likely to promote economy and efficiency in the performance of a specific construction project.

Finally, the final rule creates new solicitation provisions and contract clauses to be used when an agency makes a determination that a PLA will be required on a large-scale construction project. These provide agencies flexibility to require that: an offeror submit an executed PLA with its offer; an apparent successful offeror submit an executed PLA prior to contract award; or a contract awardee submit an executed PLA after contract award.