United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

October 6, 1997

Department of the Interior Acquisition Policy Release (DIAPR) 98-2

Subject: **PROJECT LABOR AGREEMENTS (PLAs)**

1. Purpose: The purpose of this DIAPR is to implement the Presidential Memorandum dated June 5, 1997, regarding executive agencies' use of PLAs in large and significant construction projects.

2. Effective Date: October 5, 1997.

3. Expiration Date: January 20, 2001, or until canceled or superseded.

4. Background and Explanation of Changes:

a. *Definition.* A PLA is an agreement between a prime contractor, subcontractor(s), and the labor organization(s) representing their workers, under which the parties agree on the terms and conditions of employment for the duration of a project. PLAs can be used to establish a pattern of labor-management cooperation that encourages economy and efficiency.

b. *Policy.* Contracting Officers (COs) are authorized to require PLAs on large and significant projects for construction of facilities to be owned by the Federal Government (i.e., projects valued in excess of $5 million) where a PLA:

(1) will advance the Government's procurement interest in cost, efficiency and quality;

(2) will promote labor-management stability;

(3) will promote compliance with applicable legal requirements government safety and health, equal employment opportunity, labor and employment standards, and other matters; and

(4) is not precluded by any laws applicable to the project.

c. *Procedures.*

(1) While planning for a construction project valued over $5 million, COs should consider whether to require the contractor to negotiate or become a party to a PLA. COs are not required to use a PLA on any project, nor are COs precluded from using a PLA in circumstances other than large

and significant construction projects. When determining whether the interests stated in 4.b.(1 - 4) will be furthered by a PLA, COs should consider:

- whether there is a history of labor disputes, health and safety violations, or other related problems in the area;
- the impact on the Government if the project were delayed;
- the impact on competition if a PLA were required; and
- the advice of legal counsel and the Program Manager.

(2) If a PLA will be required, a written determination supporting that decision must be made before the solicitation is issued. The CO must provide a copy of the written determination to the Office of Acquisition and Property Management shortly after signature.

(3) Any PLA established under the Presidential Memorandum shall:

- bind all contractors and subcontractors on the construction project through the inclusion of appropriate clauses in all relevant solicitations and contracts;
- allow all contractors and subcontractors wishing to compete for contracts and subcontracts on the project to do so, without discrimination against contractors, subcontractors or employees based on union or nonunion status;
- contain guarantees against strikes, lockouts, and similar work disruptions;
- set forth effective, prompt and mutually binding procedures for resolving labor disputes arising during the project;
- provide other mechanisms for labor-management cooperation on matters of mutual interest and concern, including productivity, quality of work, safety, and health;
- fully conform to all applicable statutes, regulations, and Executive Orders; and
- not require contractors to enter into a PLA with any particular labor organization.

(4) When a PLA is required, a contract clause substantially like the one attached must be inserted in the solicitation and contract.

5. Action Required:
File this DIAPR with DIAR Part 1422.

Debra G. Anderson
for Paul A. Denett, Director
Office of Acquisition and Property
Management

Attachment

PROJECT LABOR AGREEMENT (PLA)

Definition. A PLA is an agreement between a prime contractor, subcontractor(s), and the labor organization(s) representing their workers, under which the parties agree on the terms and conditions of employment for the duration of a project. PLAs can establish a pattern of labor-management cooperation that encourages economy and efficiency.

In accordance with the Presidential Memorandum dated June 5, 1997, regarding Use of Project Labor Agreements for Federal Construction Projects, a PLA is required to be executed by the contractor with any appropriate labor union(s) for the term of this contract. The Government will not be a party to the PLA, nor will it participate in the negotiations of the agreement. The terms of any PLA shall not change the terms of this contract or provide for any pricing adjustment by the Government.

Any Project Labor Agreement reached pursuant to this clause shall:

1. Bind the contractor and all subcontractors on this construction project;

2. Allow all contractors and subcontractors wishing to compete for contracts and subcontracts on the project to do so, without discrimination against contractors, subcontractors or employees based on union or nonunion status;

3. Contain guarantees against strikes, lockouts, and similar work disruptions;

4. Set forth effective, prompt and mutually binding procedures for resolving labor disputes arising during the project;

5. Provide other mechanisms for labor-management cooperation on matters of mutual interest and concern, including productivity, quality of work, safety, and health;

6. Fully conform to all applicable statutes, regulations, and Executive Orders;

7. Expire on completion of this construction project.

The contractor shall submit to the contracting officer a copy of all PLAs reached pursuant to this clause within 15 days after contract award.