



# 2024 Project Labor Agreement (PLA) Briefing

February 2024



## NEW YORK CITY HOUSING AUTHORITY



# Topics covered in this overview

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- What is a Project Labor Agreement and how can it be beneficial?
- Why does NYCHA maintain a PLA?
- What are the main changes in the 2024 PLA?

# What is a PLA?

A **Project Labor Agreement (PLA)** between an owner of buildings or other infrastructure, and one or more building trade unions, establishes the union(s) as the **collective bargaining representative(s)** for persons performing work on a project within the jurisdiction of the union(s)

- **Defines certain terms and conditions of employment** for trades work under the owner's construction contracts meeting certain criteria, such as:
  - Use of union hiring halls for hiring workers
  - Wages and benefits for workers which are typically higher than prevailing wage and benefit rates
  - Dispute resolution procedures
- **Requires** the owner's **contractors and subcontractors to also assent to the agreement** on a project-specific basis

# How can a PLA be beneficial?

**A PLA can be beneficial to the owner in several ways:**

- **Eliminate the need to negotiate terms with several unions** on each project, such as work hours, work rules, holidays, wages and benefits
- **Reduce costly delays** due to shortages of skilled workers or labor conflicts
- **Improve worker pay, training and productivity**
- **Encourage participation by nonunion as well as MWBE and Section 3 firms** who may have a limited labor force
- **Increase apprenticeship and workforce development opportunities**

# Why does NYCHA maintain a PLA (beyond potential benefits)?

## NYCHA must agree a PLA due to NY State law requirements

- Wick's Law **requires public entities to procure and contract major trades separately, and then coordinate their work, for projects with value greater than \$3 million which are not subject to a Project Labor Agreement**
  - NYCHA has not found it effective to manage many projects in this way
- NYCHA's Authorization to use design-build project delivery **requires design-build contracts to be contracted pursuant to a PLA**

## NYCHA and NYC Building & Construction Trades Council (BCTC) agreed a PLA in 2015

- **Initially expired in 2018, but has been extended since then** while negotiations have been ongoing for a new PLA

# What are the main changes in the 2024 PLA?

Enhancements are in 3 areas:

- 1 Better align PLA applicability with Wick's Law
- 2 Increase opportunities for Section 3 employment, and Section 3 Business Concern and MWBE contracting
- 3 Recognize Juneteenth holiday

**2024 PLA is effective from January 1, 2024**

# 1 Better align PLA applicability with Wick's Law

## 2024 PLA:

- ✓ Applies to contracts 'that predominantly involve the renovation, structural repair, alteration, rehabilitation or expansion of an existing NYCHA building or structure' including elevator replacement
- ✓ Excludes contracts for 'minor repair' work, defined as 'routine repair, service or maintenance that is recurrent, day to day, periodic scheduled or routine work required to preserve or restore a building, facility or system to working order'
- ✓ Excludes all contracts with value below \$3M (previously \$250K)
- ✓ Excludes IDIQ/JOC/Requirements contracts of any value which have Work Orders with value predominantly below \$250K, and any individual Work Orders with value below \$250K under IDIQ/JOC/Requirements contracts of any value
- ✓ Excludes contracts related to PACT projects

**Contractors should be able to more easily satisfy HUD Section 3 requirements as well as MWBE subcontracting goals for such contracts excluded from the PLA**

## 2 Increase opportunities for Section 3 employment, and Section 3 Business Concern and MWBE contracting (1/2)

### 2024 PLA:

- ✓ **Emphasizes Section 3 and NYCHA residents in preamble text** on PLA objectives and in Workforce Development MOU (attachment), **and in the Definitions section**
- ✓ **Reserves at least 50 new apprenticeship positions each calendar year** through both the general recruitment and direct entry programs **for NYCHA residents**
- ✓ **Requires unions to provide NYCHA with at least 60 days notice prior to opening up general recruitment for apprenticeship programs**, and **inform NYCHA of the number of interviews and/or testing slots it will assign NYCHA Resident Training Academy (“NRTA”) graduates** for that particular recruitment session
- ✓ **Requires unions to prioritize referral of Section 3 workers** subject to laws and rules applicable to union referral and joint apprenticeship programs, **and to implement preferences for Section 3 workers in their referral systems** if they have not already
- ✓ **Allows a contractor to employ workers from any source** to meet Section 3 contract requirements **if a union is not able to refer Section 3 workers within 48 hours**



## 2 Increase opportunities for Section 3 employment, and Section 3 Business Concern and MWBE contracting (2/2)

### 2024 PLA:

- ✓ **Allow all contractors to have 12% non-union, qualified workforce, and removes requirement for workers to be on contractor's payroll before the project**
- ✓ **Allows MWBE and Section 3 Business Concerns with contracts or subcontracts up to \$2 million (previously \$1 million), to have 50% non-union (previously 33%), qualified workforce, and removes requirement for workers to be on contractor's payroll before the project**
- ✓ **For contracts larger than \$25 million, 10% of work done by MWBE and Section 3 Business Concern subcontractors is not subject to PLA requirements**
  - Limited to 20% or \$500K (whichever is greater) of the value of all subcontracts for work in any individual union's jurisdiction

# REFERENCE: NYCHA's Section 3 and MWBE employment and contracting objectives

## HUD Section 3 Requirements (2021 Rule)

- 25% of labor hours by Section 3 workers, through:
  - Employing low- and very low-income workers
  - Subcontracting to Section 3 Business Concerns (S3BC)<sup>1</sup>
- 5% of labor hours by Targeted Section 3 workers:
  - Employing NYCHA Residents (Section 9 residents or Section 8 voucher holders)
  - Subcontracting to Section 3 Business Concerns



## MWBE Requirements

- 30% Minority and Women Owned Business (MWBE) subcontracting goal
- 15% Minority-owned + 15% Women-owned subcontracting goals

1. S3BC: (i) At least 51 percent owned and controlled by low- or very low-income persons, including NYCHA residents or residents of Section 8 assisted housing, or (ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.