



TOOLS FOR THE FUTURE:

# 5 Tips to Choose the Right PLA



CONSTRUCTION DIVE

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## **You may have heard of PLAs, but do you realize the value they can bring to a project?**

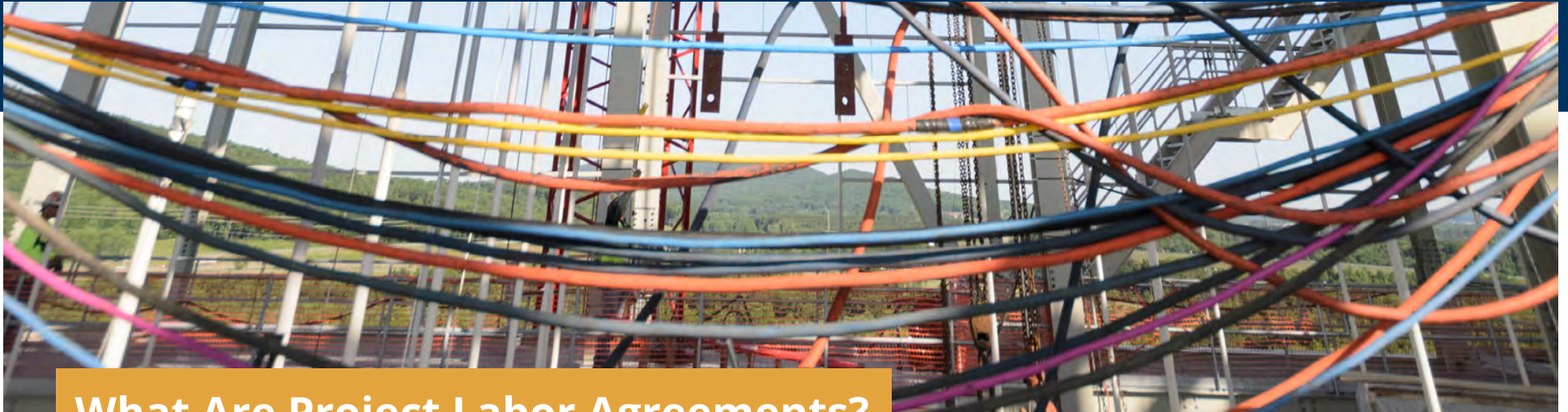
We're facing a new and rapidly changing economy. It's an environment that's pushing contractors to seek out innovative tools and resources to stay competitive and relevant despite tight budgets, even tighter timelines, and labor supply issues.

The safer, more productive, and more cost effective a contractor can be, the more success they'll experience in terms of project completion and owner satisfaction. Project labor agreements (PLAs) are one way to help ensure this success by helping contractors make big strides in safety and efficiency.

While you may have heard of PLAs, you may not realize the value they can bring to a project—or the fact that some can be implemented in one afternoon. Let's explore what a PLA is, where it's used, and tips on finding the right one for your next project.







## What Are Project Labor Agreements?

A project labor agreement is a pre-hire collective bargaining agreement that lays out employment terms and conditions for structure and stability during a specific construction project. It provides the nuts and bolts needed to manage a public or private project by establishing a standard set of conditions and procedures for every aspect of workforce engagement: from acquiring large quantities of highly skilled and diversified labor to interaction throughout the duration of the job.

PLAs are designed to save time during collective bargaining, making it easier for the owner-client, construction manager, and/or contractor to engage its workforce with a single document. Instead of managing up to 14 different agreements (one for each discipline) and haphazardly bringing contractors, subcontractors, and unions together, a PLA provides a standardized and efficient framework for organization and operation.

The National Maintenance Agreements Policy Committee, Inc. (NMAPC) takes PLAs one step further by offering an off-the-shelf yet comprehensive, efficient collective bargaining agreement. The PLAs administered by the NMAPC—National Maintenance Agreements (NMA)—are mutually managed by labor and management. They're among the most widely used agreements in the United States, spelling out pre-set rules for everything from overtime to parking.

"99% of what we do is in the private sector, working with owner-clients who have specialty needs in highly technical, specialized and sensitive environments where only the safest and most qualified workforce will do," says Daniel Hogan, NMAPC's impartial secretary and CEO. "When you become signatory to the NMA, you operate under streamlined terms and are granted access to in-house specialists. You also benefit from an unequivocal commitment to safety; improved productivity, and quality; the ability to meet or exceed schedules; and minimized downtime so the client can get back to work."



## When Can You Use a PLA?

To determine whether a project is a good candidate for a PLA, Mike Haller, PE, CEO for Walbridge, takes several factors into consideration:

- > **Project complexity:** When multiple disciplines are involved in a project, or large quantities of highly skilled, highly trained workers are required, a PLA can streamline complexity and ensure consistency for all workers.
- > **Project size:** The higher the total number of workers required, the more help a PLA may be (a project with 20 craft workers may not see as much benefit as a project involving 100+). A PLA can also shore up labor supply issues by ensuring a steady flow of workers and boosting local hiring.
- > **Project timing:** If a project needs to be completed quickly, then a PLA's terms and conditions will provide benefits to the timeline.
- > **Project location:** How involved is the local government? Did the owner commit to residency requirements? Are various crafts available within the local workforce? These issues can determine how successful a PLA will be.



During his 48-year tenure with Walbridge, Haller says he has seen PLAs help owners meet their needs in terms of a given project's outcome: a quality job done safely, on time and within budget. "In many cases, we specifically use the NMA because of its general acceptance in the industry and its familiarity by all three partners: owner, contractor, and unions."

One reason owners appreciate the NMAPC's PLAs has to do with cost savings: They allow contractors to be competitive against non-union operations, which drives down costs. "When this happens, union labor will continue to land opportunities as long as they're successful by mitigating inefficiencies in collective bargaining agreements," explains Hogan. "If you look at a National Maintenance Agreement (NMA)—i.e., the NMAPC's PLA vs. a local collective bargaining agreement—the cost-per-hour savings is anywhere from 3.2% (over \$1 an hour) to nearly 10% (\$3.50 per hour). The more familiar a contractor is with the NMA's terms and conditions, the easier it is to maximize those savings, which sets you up for long-term success."

Chris Johnson, director of integrated facility management and construction services for Ford, says he sees several advantages when using PLAs, including the NMA. "In 2019, we did a major changeover project at our assembly plant in Chicago that needed a significant amount of trade labor from in and around the Chicagoland area," he explains. "To ensure that our schedules didn't overlap so we all would have sufficient trade labor, we worked through the NMAPC with the steel and petrochemical industries in the region who knew this work was going on. That's the power of the NMAPC—having connections with other owners in the group to ensure project success."

He also says that using a PLA allowed Ford to continue construction of a critical battery plant project through the pandemic by leveraging the NMA for labor. It ensured a steady flow of workers—despite face masks, temperature checks, and social distancing—so Ford could stick to the timeline.





## 5 Tips to Select the Right PLA for Your Next Project

“PLAs are not one size fits all,” explains Hogan. “They’re not all the same. They differ based on who’s administering them (and whether the administrator can implement decisions). PLAs also differ in terms of whether they can provide what will be most beneficial for you—and who’s at the table.”

With this in mind, how can you choose the right PLA? Start with these five tips ...

### 1 Ensure Standardization

When you’re managing work that requires skills from a number of crafts, standardization is key to streamline processes. Standardizing agreements across trades also saves time and money by eliminating the need to administer 14 separate agreements. Additionally, from a procurement department’s standpoint, it provides for an apples-to-apples comparison when evaluating bids from contractors.

One example of standardization is holiday pay. When you work with a local agreement, it’s possible for one trade to make its own

decision about holiday pay independent from others on the jobsite. “It can cause problems when one craft gets premium-time on a certain day and the 13 other crafts on the project don’t,” says Hogan. “Consolidating that language and making it similar amongst everyone ensures equal treatment and helps contractors know when and where cost additives will kick in.”

Consistency regarding overtime is another example. Depending on project location, some agreements may allow for time-and-a-half pay after eight hours of work while others require 10 hours of straight time before overtime kicks in. A PLA keeps rules consistent for all trades.

## 2 Make Sure It Offers Built-In Support

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What else can a PLA offer besides a streamlined agreement? In some cases, the entity administering it can offer value in terms of additional support. Because a PLA typically lasts for the duration of the project, this administrative assistance can help you make sure the agreement remains intact and all parties adhere to requirements until completion.

Seek out a PLA that connects you with impartial labor relations professionals who can assist on a day-to-day basis, whether that involves explaining certain provisions or procedures for due process under the agreement.

“With the NMA, the communication channel between the building trades and the international unions cascades down to the locals,” says Johnson, “and that’s a big benefit for us in knowing that the communication is handled effectively.”



## 3 Ensure that the Agreement is Relevant to the Industry

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The type of project you’re working on should dictate the type of PLA you use: Its terms and conditions should also be relevant to the specific industry.

Constructing a high-rise office building on a tight site is nothing like working on a massive industrial or manufacturing complex spread across hundreds or thousands of acres. Make sure the details of the PLA will maximize value for the type of work being done, including the schedule, deadline, provisions for shifts and work hours, and any special stipulations that may be necessary.

Consider an auto manufacturer, for example. Every time a vehicle rolls off the line, the manufacturer makes money. If the line stops, they lose money (while still having to pay workers who aren’t able to do their jobs during the shutdown). When around-the-clock maintenance or construction activities are necessary in environments like these, look for a PLA that allows you to be effective and efficient through provisions that provide for 24/7 shift operations or 4/10 work schedules at the straight-time rate of pay.



## 4 Check Out the Possibility of Concessions & Addendums

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“Back in 2008, when automakers were struggling financially, the NMAPC and trade unions got together with Ford and agreed to an addendum that allowed for some wage concessions,” says Johnson. “It saved us millions, which really helped Ford through a difficult time financially.”

A PLA that allows you to add an additional document or alter a set of terms and conditions to the existing agreement through an addendum process helps serve as another layer of quality control for onsite labor. You can choose to address things like health and safety requirements (especially important during COVID-19 regarding masks and social distancing) and diversity, equity, and inclusion—whatever is important to you and/or the owner.

“Proactive employers understand the importance of bringing women and minorities into the workforce,” says Haller. “With a PLA, you can enhance those requirements to make sure you’re inclusive and represent the diverse workforce in a local area to provide access to jobs that come from these projects.”

## 5 Find a PLA that Takes a Tripartite Approach

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Instead of agreements that rely on hierarchical relationships, search for a PLA that emphasizes a tripartite approach: the regular coming together of three parties (owners, contractors, and unions) for a specific project.

With all parties working together, you can openly discuss safety metrics, productivity, and trade requirements. Once carpenters and ironworkers are finished, for example, it’s time to bring in pipefitters, plumbers, and electricians. When (and how) is that tradeoff being communicated?

“How can you hold labor leaders accountable for supplying craft labor if you aren’t regularly providing updates of what you need and how many workers are needed?” says Haller. “In every PLA I have negotiated, I have included the requirement of a tripartite labor management committee because of the benefits it brings.”







## PLAs Help You Prepare for the Future

Post-COVID-19, Hogan says PLAs are more relevant than ever. America is faced with a rare opportunity to reinvest in itself in terms of manufacturing, product availability, utility infrastructure, and technology—and the country needs the construction industry to make that happen.

“PLAs will play a huge role in the reinvestment in the United States, giving dignified, middle-class jobs and opportunities to those who want to be the best of the best in their discipline,” he explains. “The NMA has played a huge role in the development and maintenance of our nation’s infrastructure for 50 years, and we’re now looking forward to the next 50 years!”



The National Maintenance Agreements Policy Committee, Inc. (NMAPC) negotiates and administers a series of collective bargaining agreements known as the National Maintenance Agreements (NMAs). The NMAs are utilized by 1,800+ contractor companies that employ members of 14 building trades international unions.

The NMAs include policies and procedures for any situation that may be encountered when dealing with organized labor and have accounted for more than 2.7 billion work hours for building trades and contractors since its inception.

The NMA program is administered under a system of tripartite governance and cooperation, with owners, contractors and building trades craft workers sharing equally in the responsibilities and rewards generated by the program.

Fifty years ago, the NMAPC was the first national labor management organization in the construction industry to become incorporated. Today, it's taking a future-forward approach to support owners, labor unions and contractors in the next 50 years—and beyond.

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