

City of Alexandria, Virginia
FY 2023 Proposed Operating Budget & CIP
Budget Questions & Answers

April 7, 2022

Question: How and when would Federal Department of Treasury guidance regarding Project Labor Agreements impact American Rescue Plan Act (ARPA) funded projects?

Response: The questions discussed speaks to several different issues – ARPA compliance requirements, City adoption of prevailing wage requirements, City adoption of project labor agreement requirements, and the impact of federal requirements on the CIP. The goal here is to clarify the requirements of each and how the City is ensuring compliance with the various regulations.

American Rescue Plan Act (ARPA) fund spending is governed by U.S. Dept of Treasury that has published the Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds (SLFRF). The interim final rule (IFR) published May 2021 and final rule adopted January 2022 prescribe SLFRF use and applicable regulatory requirements under the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (“Uniform Guidance”). The City’s approach to use and management of ARPA funds is strictly managed and reviewed in accordance with the Uniform Guidance. ARP FAQs 220101 (page 33-34) states that “Treasury has indicated” the use of project labor agreements and also states that “Using these practices in construction projects may help...”. This guidance reference the use of PLAs, but does not impose a requirement for the City to utilize project labor agreements or prevailing wages (Davis-Bacon Act) unless the project is over \$10 million. When determining how to contract for construction work using ARPA funds, the City was guided by the SLFRF and also considered the desired and required delivery schedules for the projects. The City has an existing on-call construction contract that complies with the Uniform Guidance procurement regulations. It does not include provisions for project labor agreements or prevailing wages. Since the Uniform Guidance does not require project labor agreements or prevailing wages for projects of this size, it was determined that this was an appropriate contract vehicle to ensure compliance with the ARPA deadlines and the City’s desire to deliver the flood mitigation spot improvement projects in an expeditious manner. If new construction contracts were required in order to add these provisions, significant delays would be added to these projects.

For CIP construction projects, the City is guided by the appropriate funding authority. For City funded projects, construction procurements are governed by the Virginia Public Procurement Act (VPPA). In 2021, the Virginia Legislature added an allowance for public bodies to require the use of Project Labor Agreements (PLA)s for construction and public works contracts. Additionally, the Virginia Legislature added the allowance for public bodies to adopt prevailing wage requirements in construction and public works procurement. Although allowed for City procurements, the City has not yet adopted these practices into its construction and public works contracts. There are benefits of adopting each, but there are also administrative

requirements that must be planned and implemented. The benefits and impacts of adopting prevailing wages in the City are being discussed in a separate budget memo. City staff are also studying the benefits and impacts of requiring PLAs in future construction and public works contracts.

The City has CIP projects that are partially or fully funded by state and federal grants. When construction projects are funded by federal grants, they typically require compliance with the procurement and management requirements of the governing federal agency. The agency's specific requirements are added to the contract to prescribe the appropriate federal clauses. The City currently manages grant-funded projects that require prevailing wages. On these projects, additional City staff effort and consultant support are required to oversee compliance with the federal requirements.