



SB-984 Public agencies: project labor agreements. (2023-2024)

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ENROLLED SEPTEMBER 03, 2024

PASSED IN SENATE AUGUST 29, 2024

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CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

SENATE BILL

NO. 984

**Introduced by Senator Wahab
(Coauthor: Senator Newman)**

January 29, 2024

An act to add Section 2504 to the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 984, Wahab. Public agencies: project labor agreements.

Existing law establishes procedures for state agencies to enter into contracts for goods and services, including generally requiring that certain contracts by a state agency, including, but not limited to, contracts for the construction, alteration, improvement, repair, or maintenance of property, be approved by the Department of General Services.

Existing law authorizes a public entity to use, enter into, or require contractors to enter into, a project labor agreement, as defined, for a construction project, if the agreement includes specified taxpayer protection provisions.

This bill would require the Judicial Council and the California State University, by January 1, 2027, to identify and select a minimum of 3 major state construction projects that are required to be subject to the requirements of a project labor agreement, as specified, and would define various terms for these purposes. The bill would require the Judicial Council and the California

State University, on or before January 1, 2027, to each submit a report to the Legislature regarding the selection of projects, as specified. The bill would also make a related statement of legislative findings and declarations.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) Project labor agreements have proven to be a successful construction management tool for the efficient completion of certain public projects.

(b) Project labor agreements also can provide contractors on certain state projects with access to registered apprentices and protect employees on public construction projects without burdening the resources of the Division of Labor Standards Enforcement.

(c) The state agencies described in Section 2504 of the Public Contract Code should, to the greatest extent feasible, make use of project labor agreements for major state construction projects and consider the use of project labor agreements for other state projects.

(d) The California State University should also, to the greatest extent feasible, make use of project labor agreements for major construction projects funded by state bonds.

SEC. 2. Section 2504 is added to the Public Contract Code, immediately following Section 2503, to read:

2504. (a) For purposes of this section, the following definitions apply:

(1) "Major state construction project" includes the erection, construction, alteration, repair, or improvement of any state structure, building, or other state improvement of any kind exceeding a total estimated cost of thirty-five million dollars (\$35,000,000) overseen by the Judicial Council or the California State University.

(2) "Public entity" means a public entity as defined in Section 1100.

(b) By January 1, 2027, the Judicial Council and the California State University shall identify and select a minimum of three major construction projects and shall subject those projects to the requirements of a project labor agreement, as defined in paragraph (1) of subdivision (b) of Section 2500. Notwithstanding any other provision, a project labor agreement subject to this section shall comply with all of the following requirements:

(1) (A) All labor organizations, regardless of association or affiliation, with collective bargaining agreements that are the basis of prevailing wage coverage determinations, pursuant to Section 1773 of the Labor Code, for the specified scopes of work and geographic area of the project, and which have been party to a project labor agreement with a public entity during the prior 10 years, shall be invited to participate in the negotiations of the agreement.

(B) The decision of a labor organization not to participate in the negotiations of the agreement shall not invalidate the resulting agreement.

(C) The rights and autonomy of labor organizations, regardless of association or affiliation, shall not be diminished by this section.

(2) (A) All labor organizations invited to participate in the negotiations of the agreement pursuant to paragraph (1) shall be permitted to become signatory to the agreement, regardless of whether the labor organization chooses to participate in negotiations.

(B) The agreement shall be structured to include all labor organizations described in subparagraph (A).

(C) The decision by a labor organization not to become signatory to the agreement shall not invalidate the agreement, provided that the labor organization is given full opportunity to participate in the negotiations and execution of the agreement pursuant to paragraph (1).

(3) An agreement shall require the payment of at least the applicable prevailing wage rate to all construction workers employed in the execution of the major state construction project and provide for enforcement of that obligation through an arbitration procedure.

(c) This section does not preclude the use of project labor agreements on any project not covered by this section.

(d) (1) On or before January 1, 2027, the Judicial Council and the California State University shall each submit a report to the Legislature regarding the selection of projects pursuant to subdivision (b).

(2) A report to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.