

Congress of the United States
Washington, DC 20515

June 8, 2015

The Honorable Robert A. McDonald
Secretary
US Department of Veterans Affairs
810 Vermont Ave NW
Washington, DC 20420

Dear Secretary McDonald:

We write regarding the Department of Veterans Affairs' implementation of Executive Order 13502, in which President Obama announced his Administration's policy encouraging agencies such as the VA to use Project Labor Agreements (PLAs) to increase the efficiency and economy of their construction projects. Since the President signed this EO in February of 2009, the VA has not chosen to use a single PLA on any of its projects. We, the undersigned, encourage you, in your position as Secretary of Veterans Affairs, to take a different approach than your predecessor and use PLAs more extensively as a way of ensuring the effective and efficient execution of your construction program.

As highlighted in a 2013 General Accountability Office report and in recent press accounts, the VA's construction program has been plagued with serious problems, ranging from the shockingly mismanaged Aurora Veterans Affairs hospital in Colorado, which currently stands \$930 million over budget and a year past the originally agreed upon completion date, to projects in Texas, Las Vegas, New Orleans and Orlando, with average cost overruns of over \$350 million. While some of these delays and cost overruns are tied to poor planning, others stem from the projects' execution – and to problems that could have been averted by using PLAs.

A PLA is a management tool that enables the manager of a complex construction project to establish, up-front, the ground rules for all contractors, subcontractors and workers engaged in the project, and to coordinate how everyone will work together to complete their individual tasks and the larger project. PLAs provide all of the contractors on the project with ready access to a steady supply of highly trained and efficient labor; provide mechanisms for anticipating problems and resolving disputes that arise on the worksite; prohibit any sort of work stoppage; and provide for regular worksite labor-management meetings, to ensure that contractors and

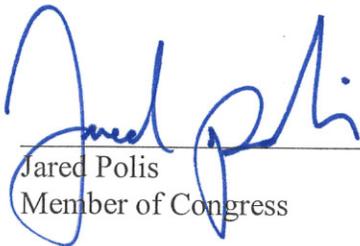
workers of the different trades are communicating effectively. They also provide safeguards against precisely the kinds of labor problems that contributed to the massive delays and cost overruns on the VA's Orlando project: the rampant use of undocumented workers, a lack of skilled craft persons, misclassification of workers, and possible Davis-Bacon Act violations.

It is for these exact reasons that PLAs are currently used extensively in the private sector by multi-national companies such as Wal-Mart and Toyota, among many others. Toyota, for example, has built its North American manufacturing facilities under PLAs, and they have reported that their construction costs are dramatically less than their competitors. Wal-Mart – which has otherwise actively avoided dealing with organized labor – has also announced that it will build all of its U.S. stores using PLAs. These companies have made the considered decision to use PLAs because the agreements ensure that their large complex projects will be completed on-time and on-budget.

It should be the duty of Federal agencies such as the VA to protect taxpayer dollars, as well as to promote career training opportunities for local workers including women, minorities and military veterans. In fact, a number of state and local agencies have used PLAs as a way of committing their contractors and subcontractors to hire locally, give preference to veterans and provide on-the-job training to disadvantaged members of their communities. By contrast, as discussed, the model the VA used for projects such as the Aurora and Orlando hospitals exploits workers, often using undocumented workers and misclassifying workers as “independent contractors” so contractors can avoid paying benefits and taxes. Using the PLA model would enable the VA to stand up for American workers and ensure the agency is a good steward of taxpayer dollars.

In light of the VA's devastating experience on these recent projects, we encourage you to change your mode of operating and, consistent with President Obama's Executive Order, use PLAs on your future major construction projects, in order to serve our veterans more efficiently and effectively, to save taxpayer dollars and to improve the lives of American workers.

Sincerely,



Jared Polis
Member of Congress



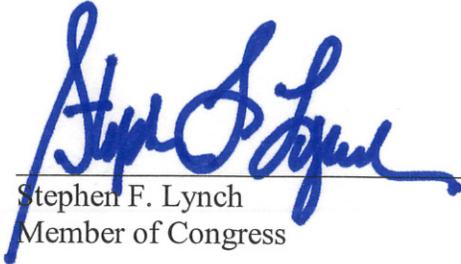
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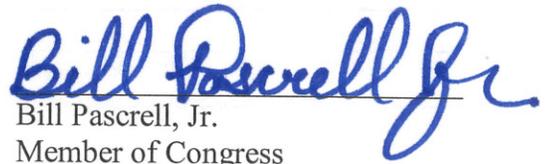
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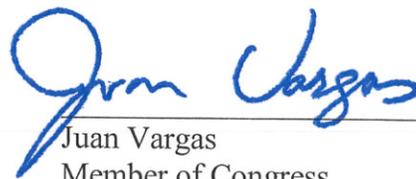
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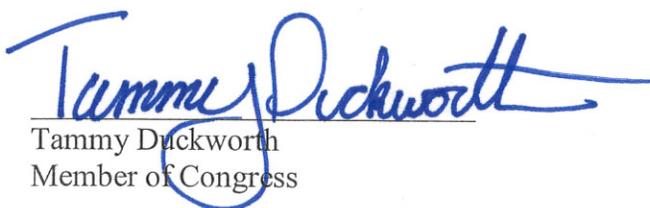
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