



Legislation Text

File #: RES 22-1621, **Version:** 1

Approving and authorizing the non-use of a Project Labor Agreement on two Planning & Economic Development and Housing & Redevelopment Authority single-family housing redevelopment projects at Village on Rivoli (District 5, Ward 5).

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”) is a public body corporate and politic established pursuant to the provisions of Minnesota Statutes, Section 469.001, et seq. (the “Act”); and

WHEREAS, the HRA has the power to engage in development or redevelopment activities under Minnesota law and the HRA is authorized to engage in activities relating to (a) housing projects and development, (b) removal and prevention of the spread of conditions of blight or deterioration, (c) bringing substandard buildings and improvements into compliance with public standards, (d) disposition of land for private redevelopment, and (e) improving the tax base and the financial stability of the community, and to engage in the aforementioned activities when these needs cannot be met through reliance solely upon private initiative and which can also be undertaken in targeted neighborhoods; and is authorized to create redevelopment projects as defined in Minnesota Statutes, Section 469.002, Subdivision 14; and

WHEREAS, the Saint Paul City Council adopted Council File #09-584 on the use of Project Labor Agreements (“PLA”) for projects involving \$250,000 or more of City money; and

WHEREAS, reference to the City of Saint Paul in Council File #09-584 also includes the HRA; and

WHEREAS, Phase III of the Village on Rivoli redevelopment consists of nine parcels on which single-family homes will be constructed; and

WHEREAS, in combination, the parcels in Phase III have resulted in building construction contracts with more than \$250,000 in City money; and

WHEREAS, when Phase III planning began in 2019, the developer had intended to execute a PLA, however, the project was delayed and is now subject to current labor and materials pricing, which far exceed 2019 figures; and

WHEREAS, due to increased costs and the difficulty of using of PLA on single-family homes the developer requested non-use of PLA for Phase III of Village on Rivoli; and

WHEREAS, PED and the HRA sent a written “Notice and Request for Recommendation on the Use of a PLA” to interested parties on May 10, 2022, in which only 7 parcels were mentioned, with one response received; and

WHEREAS, the Saint Paul Building and Construction Trades Council recommended a PLA for the 7

Phase III parcels referenced in the Notice, listing the dollar amount, length of project, multiple crafts involved and safety as reasons they recommend a PLA for these projects; and

WHEREAS, on July 20, 2022 by Resolution 22-1074, the City Council authorized the non-use of a PLA on the 7 Phase III parcels; and

WHEREAS, by this action, the non-use of PLA on the 2 Phase III parcels that were unintentionally omitted from the Notice and City Council Resolution is being corrected; and

WHEREAS, PED and the HRA sent a written “Notice and Request for Recommendation on the Use of a PLA” to interested parties on September 22, 2022 for the remaining 2 parcels and no responses were received; and

WHEREAS, the Phase III projects in this resolution include construction and non-construction activities and costs, none of which are subject to federal or local prevailing wage requirements; and

WHEREAS, projects included in this resolution include on-site and off-site (for example, modular) construction, and such off-site construction may take place outside the City of Saint Paul; and

WHEREAS, construction costs throughout the economy have increased considerably due to inflation since the City Council adopted Council File #09-584 in 2009; and

WHEREAS, the City and HRA have financed hundreds of single-family housing redevelopment projects since 2009 that were not subject to the requirement of Council File #09-584 to consider use of a PLA, did not use a PLA, and were completed successfully; and

WHEREAS, in considering all criteria for evaluating a PLA as outlined in Council File #09-584 and past practice on substantially similar projects, a PLA will not benefit the 2 additional Phase III projects referenced in this resolution for the following reasons:

Federal, state and private resources will provide a significant share of project subsidy.

The City’s experience has demonstrated use of a PLA is not critical to the success of single-family housing redevelopment.

Use of a project labor agreement is projected to significantly increase overall construction costs and the need for subsidy, jeopardizing federal, state and private resources allocated to the projects. Should the City now require a PLA for the 2 additional projects, the projects will be delayed and may ultimately not be completed.

NOW THEREFORE BE IT RESOLVED by the City Council that the non-use of a PLA on the 2 additional Village on Rivoli Phase III parcels referenced in this resolution is approved, resulting in the non-use of PLA on all 9 Phase III Village on Rivoli parcels.