



Legislation Text

File #: RES 22-1482, **Version:** 1

Approving and authorizing the non-use of project labor agreement on the Department of Planning and Economic Development and Housing and Redevelopment Authority single-family housing redevelopment projects at 947 Sylvan Street and 964 Woodbridge Street.

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

WHEREAS, the Department of Planning and Economic Development ("PED") and HRA are contemplating the following redevelopment projects which involve construction of single-family (one-to-four unit) housing structures and may result in building construction contracts with more than \$250,000 in City money:

1. Construction and resale of a one-unit residential structure at 947 Sylvan Street. Developer: Greater Frogtown Community Development Corporation (GFCDC, doing business as NeighborWorks Home Partners) and the Greater Metropolitan Housing Corporation (GMHC).
2. Construction and resale of a one-unit residential structure at 964 Woodbridge Street. Developer: Greater Frogtown Community Development Corporation (GFCDC, doing business as NeighborWorks Home Partners) and the Greater Metropolitan Housing Corporation (GMHC).

WHEREAS, PED and the HRA sent a written "Notice and Request for Recommendation on the Use of a PLA" to interested parties on August 22, 2022 with one response received; and

WHEREAS, the Saint Paul Building and Construction Trades Council recommended a PLA for the projects referenced in this resolution, listing the dollar amount, length of project, multiple crafts involved and safety as reasons they recommend a PLA for these projects; and

WHEREAS, each of the projects listed in this resolution includes construction and non-construction activities and costs, none of which are subject to federal or local prevailing wage requirements; 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 projects referenced in this resolution for the following reasons:

Use of a project labor agreement is projected to significantly increase overall construction costs and the need for subsidy.

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

Initial cost estimates presumed the amount of City money in construction contracts would be less than \$250,000 and, therefore, that no PLA would be required. Residential builders are generally unaccustomed to PLA and prevailing wage requirements. Should the City now require a PLA for these projects, the projects would experience significant delays and uncertainty around feasibility and may ultimately not be completed.

NOW THEREFORE BE IT RESOLVED by the City Council that the non-use of a PLA on the projects referenced in this resolution is approved.