Section 2

Relationship to California Labor Code
RELATIONSHIP TO CALIFORNIA LABOR CODE

PROJECT STABILIZATION AGREEMENT

Project Stabilization Agreements (“PSAs”), also known as Project Labor Agreements, are a form of pre-hire agreement used on large construction projects. PSAs are historically used in the construction industry for the following reasons, among others: to eliminate disruptions of work due to labor strife, thereby promoting the timely completion of projects; to ensure sufficient numbers of skilled craft workers are available to perform work on the projects; and to provide for a standard, streamlined grievance/dispute resolution procedure(s). The District’s PSA is also designed to encourage the use of small, local business enterprises and assist local District residents in obtaining employment in the construction field.

Union and non-union Contractors can bid on District public works projects covered by the PSA. The obligations of the PSA apply to all Contractors awarded District public works contracts, regardless of union affiliation or membership.

CALIFORNIA LABOR CODE

California Labor Code Sections 1720 through 1861 and associated regulations (Title 8 of the California Code of Regulations, Section 16000 et seq.) contain California’s prevailing wage, apprenticeship and certified payroll laws that are applicable on District public works projects. All Contractors are obligated to comply with these laws and regulations when performing work on District public works projects. The District’s Labor Compliance Program enforces these laws and regulations on District projects.

The PSA is a separate contractual requirement applicable to certain District public works projects. On the covered projects, the PSA is included as part of the bid specifications, and is part of the binding contractual obligation of all Contractors.

This manual does not interpret or modify the terms of the PSA in any way nor is it legal advice. Contact your legal counsel for legal advice.
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The PSA has certain requirements that are entirely unaffiliated with prevailing wage, such as the requirement to sign a Letter of Assent and the PSA grievance/dispute resolution procedure(s). In other instances, PSA requirements work in conjunction with prevailing wage requirements. For instance, the Labor Code obligates Contractors to pay prevailing wage on public works projects; within this context, the PSA obligates Contractors to pay fringe benefits to applicable and appropriate union trust funds.

It is important for Contractors to understand that the PSA is a separate requirement from the Labor Code, but that certain of its provisions relate to Labor Code requirements. Contractors must comply with both the Labor Code and the PSA on PSA-covered District public works projects.