

August 3, 2020

SENATE BILL NO. 1370

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 1370 with my recommendations for reconsideration.

Senate Bill No. 1370 would expand the definition of "public works projects" to permit public entities to use project labor agreements ("PLAs") for non-building-based projects. Under current law, public works projects include any construction, reconstruction, demolition or renovation of buildings at the public's expense, other than pumping stations or water or sewage treatment plants, that equal or exceed \$5 million and are governed by the New Jersey Prevailing Wage Act and thus require the payment of the prevailing wage. The bill would amend this definition to allow public entities to use PLAs for pumping stations and water and sewage treatment plants, as well as highways, roads, and bridges, provided that the projects equal or exceed \$5 million and are subject to the prevailing wage law.

I commend the sponsors of this legislation for seeking to expand the use of PLAs to more public works projects. PLAs, which are negotiated before workers are hired and govern the terms and conditions for all workers on a specific construction project, streamline the bidding process, and provide contractors with a reliable supply of qualified workers. For these reasons, PLAs are credited with streamlining larger-scale, complex projects and ensuring that they are completed on time and on budget. PLAs also are effective in ensuring labor laws are followed and improving worker safety.

While I agree that public entities should have the option to use PLAs for more types of projects, including pumping stations and water and sewage treatment plants, I am concerned that the bill goes too far in authorizing their use for road and highway projects. In general, road and highway construction, renovation, and paving

projects are less complex and use fewer contractors and subcontractors than other public works projects. As a result, these projects are less likely to benefit from the efficiencies PLAs yield in bidding and project management. Furthermore, unlike most public works projects, the complexity of a road or highway project does not typically increase as the cost of the project increases, rendering the \$5 million threshold in current law an imprecise mechanism with which to target PLAs to the more complicated road and highway projects. For these reasons, I am recommending that the bill be amended to remove road and highway projects from the definition of public works project. To avoid confusion, my recommendations clarify that public works projects include bridge replacement, construction, reconstruction, and rehabilitation.

Therefore, I herewith return Senate Bill No. 1370 and recommend that it be amended as follows:

Page 2, Section 1, Line 36:

After "renovation" insert ", other than the construction, reconstruction, demolition, resurfacing, or renovation of any State, county, or municipal road, street, or highway, or portion thereof,"

Page 2, Section 1, Line 45:

After "million." insert "Public works project shall include projects where the primary work under a construction bid and subsequent contract is for bridge replacement, construction, reconstruction, or rehabilitation."

Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor