



MURIEL BOWSER
MAYOR

July 10, 2024

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

Dear Chairman Mendelson:

I support the Council's commitment to establishing fair and equitable terms of employment on District-funded construction projects. However, before passing Bill 25-469, the Revised Project Labor Agreement Cost Threshold Amendment Act of 2024, the Council should have developed and taken into account the complete picture of costs across District Government – especially given our near-term financial environment.

The Chief Financial Officer's fiscal impact statement ("FIS") for the bill estimated that a project labor agreement ("PLA") adds about 10 percent to the cost of each construction project. The FIS further estimated the bill's PLA requirement at the new lower threshold of \$50 million would increase capital costs for four existing Department of General Services ("DGS") school modernization projects by \$27.3 million over the four-year financial plan period and would increase the costs of two other DGS projects by \$15.8 million. Moreover, the costs of the lower PLA threshold would be significantly higher when the District Department of Transportation's projects are taken into account (which the original FIS does not appear to have done).

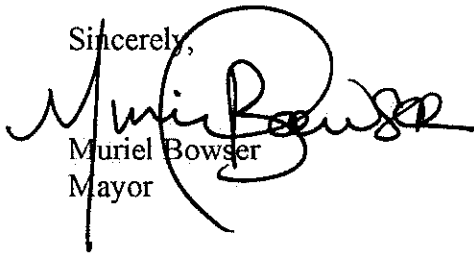
The last-minute amendment by Councilmember Nadeau to exclude existing projects in the capital improvement project ("CIP") from the lower PLA threshold simply means there is not a fiscal impact for current projects. This will only delay additional costs the District will face, which will start appearing in next year's budget.

DGS has multiple projects within its portfolio where significant budget challenges are already difficult to surmount because of industry inflation. DGS is also navigating increased costs due to building energy performance standards ("BEPS") and a net-zero requirement. When the BEPS provision of the Clean Energy Omnibus Amendment Act of 2018 was passed, it did not include a

fiscal impact statement. Subsequently, it has been estimated that achieving compliance for District Government buildings with the Council's environmental mandates will cost hundreds of millions of dollars. These compounded costs impact the District's ability to deliver projects and ultimately will mean fewer school modernizations, fewer updated recreation centers, and a reduced ability overall to meet our capital needs. Again, the Council must exercise fiscal responsibility when enacting legislation without having a full understanding of the true costs.

I am committed to working with the Council on improving provisions related to contractors and subcontractors and cooperation on matters of productivity, work quality, and workplace safety and health. But we must prioritize legislation that can both be paid for and be fully implemented. Let's work together to develop a more implementable and cost-effective approach.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser". The signature is written in a cursive style with a large, looping initial "M".

Muriel Bowser
Mayor