

EO 12818: Open Bidding on Federally Funded Construction Projects

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1/143

Executive Order 12818 of October 23, 1992

Open Bidding on Federal and Federally Funded Construction Projects

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the Federal Property and Administrative Services Act, 40 U.S.C. 471 et seq., in order to (1) promote and ensure open bidding on Federal and federally funded construction projects; (2) increase competition in Federal construction contracts and contracts under Federal grants or cooperative agreements; (3) reduce construction costs; (4) expand job opportunities, especially for small businesses; and (5) uphold the associational rights of workers freely to select, or refrain from selecting, bargaining representatives and to decide whether or not to be union members, so as to provide access to employment opportunities on Federal and federally funded construction projects for all workers; thereby promoting the economical and efficient administration and completion of Federal and federally funded construction projects, it is hereby ordered as follows:

Section 1. (a) To the extent permitted by law, before any executive agency may award any construction contract after the effective date of this order, or obligate funds pursuant to such contract, it shall ensure that neither the agency's bid specifications, project agreements, nor other controlling documents, nor those of any contractor or construction manager, shall:

(1) Require bidders, offerors, contractors or subcontractors to enter into or adhere to agreements with one or more labor organizations, on the same or other related construction project(s), or

(2) Otherwise discriminate against bidders, offerors, contractors or subcontractors for refusing to become or remain signatories or otherwise adhere to agreements with one or more labor organizations, on the same or other related construction project(s), or

(3) Require any bidder, offeror, contractor or subcontractor to enter into, adhere to, or enforce any agreement that requires its employees, as a condition of employment, to:

(i) become members of or affiliated with a labor organization; or

(ii) pay dues or fees to a labor organization, over an employee's objection, in excess of the employee's share of labor organization costs relating to collective bargaining, contract administration, or grievance adjustment.

(b) No contractor, and no subcontractor under a Federal contract, shall require, as a condition of any subcontract relating to a Government construction contract, that the party with which it contracts impose or enforce any of the elements specified in section 1(a)(1)-(3) above in performing its subcontract. This section does not prohibit a contractor or subcontractor from voluntarily entering into an otherwise lawful agreement with a labor organization regarding its own employees.

(c) Contracts awarded before the effective date of this order,

and subcontracts awarded pursuant to such contracts, whenever awarded, shall not be governed by this order.

Sec. 2. (a) The heads of executive agencies shall, within 30 days of the date of issuance of this order, review all statutes under their jurisdiction that provide authority to issue grants or enter into cooperative agreements for construction projects and identify any statute that provides authority to condition a grant award or cooperative agreement on the recipient's or party's agreement that neither bid specifications, project agreements, nor other controlling documents pertaining to the grant or cooperative agreement contain any of the elements specified in section 1(a)(1)-(3), above.

(b) The heads of executive agencies shall exercise any authority identified pursuant to section 2(a), to the extent consistent with law, so as to preclude the grant recipient or party to a cooperative agreement from imposing any of the elements specified in section 1(a)(1)-(3) above in connection with any such grant or cooperative agreement, awarded or entered into after the date of such exercise.

Sec. 3. (a) In the event that a Federal contractor or construction manager does not perform in accordance with section 1 above, the executive agency shall take such action as may be appropriate, as determined by the agency, consistent with law or regulation, including, but not limited to, debarment, suspension, termination for default, or withholding of payments.

(b) In the event that a recipient of a Federal grant or party to a cooperative agreement does not perform in accordance with section 2(b) above, the executive agency that awarded the grant shall take such action, as determined by the agency, consistent with law or regulation, as may be appropriate.

Sec. 4. (a) The head of an executive agency may exempt a particular project, contract, subcontract, grant, or cooperative agreement from the requirements of any or all of the provisions of sections 1 and 2 of this order, if the agency head finds that special circumstances require an exemption in order to avert an imminent threat to public health or safety or to serve the national security.

(b) A finding of "special circumstances" under section 4(a) may not be based on the possibility of, or an actual labor dispute concerning the use of:

- (1) contractors or subcontractors who are nonsignatories to, or otherwise do not adhere to, agreements with one or more labor organizations, or
- (2) employees on the project who are not members of or affiliated with a labor organization.

Sec. 5. (a) "Construction contract" as used in this order means any contract for the construction, rehabilitation, alteration, conversion, extension, or repair of buildings, highways, or other improvements to real property.

(b) "Executive agency" as used in this order shall have the same meaning it has in 5 U.S.C. 105.

(c) "Labor organization" as used in this order shall have the same meaning it has in 42 U.S.C. 2000e(d).

Sec. 6. Within 30 days of the issuance of this order, the Federal Acquisition Regulatory Council shall take whatever action is

required to amend the Federal Acquisition Regulation in order to implement the provisions of this order.

Sec. 7. This order is not intended to create any right or benefit, substantive or procedural, enforceable by a nonfederal party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

Sec. 8. This order shall become effective 30 days after the date of this order.

<signature of President>

THE WHITE HOUSE,

October 23, 1992.

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