



Non-union workers written out of \$85 million city project

By Tom Steward
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ROCHESTER, Minn. — Jim Gander’s local and state taxes will help pay for an \$85 million expansion of the Mayo Civic Center. So will the heating and plumbing contractor get a shot at some of the 700 jobs spread over three years of the publicly funded project?

Not a chance, Gander says, blaming a project labor agreement, which city officials signed with organized labor.

“It does mean a lot to some of the contractors in town who would have bid on the job,” said Gander, who owns Superior Mechanical. “What frightens me is, if they’re so anxious to sign a PLA for this civic center, maybe next year they’ll sign a PLA for a fire station or a police station or another civic building. I’ve done four out of the last five fire stations in Rochester.”

WHAT NEXT? Merit shop workers and contractors like Jim Gander of Superior Mechanical fear they could be shut out of future city projects paid for by their taxes.

The so-called PLA requires mostly union workers for Rochester’s signature construction project, effectively preventing open-shop workers and contractors like Gander from competing for an estimated one million hours of work.

“The advantage of the PLA is that we can best assure a quality, finished product completed on time and on budget with organized labor. We are already booking the finished product and need to be complete on time,” said Michael Wojcik, a Rochester councilman. “... We face severe economic harm if the project is not executed and completed on time. The PLA helps us achieve this.”

The Rochester City Council approved an agreement in July with the Southeastern Minnesota Building and Construction Trades Council that promises “to maintain a spirit of harmony, labor-management peace, and stability.” In the 18-page deal assuring labor at least 85 percent of the work, unions agreed “not to engage in any strike, slow-down or interruption or other disruption of or interference with the work.”

“The city has done hundreds of projects that have provided employment for all workers, both non-union and union, which have not utilized a PLA,” said Randy Staver, Rochester council president. “The city has been very judicious in its use of the PLA process, limited to two occasions only and both at the Mayo Civic Center Complex.”

The agreement stifles roughly three out of four Minnesota tradesmen who work for non-union contractors, according to the Associated Builders and Contractors. In the process, elected officials snubbed the qualifications and skills of non-union workers across the board.

“We set the threshold for what is acceptable quality, experience, and training and we believe with the PLA we’ll get the best value for our taxpayers,” said Wojcik.

ABC maintains union PLAs drive up the cost to taxpayers by limiting competition to far fewer bidders.

The trade association mounted an opposition campaign driven by newspaper ads, letters to the editor and phone calls urging City Hall to “say no to special interest handouts on the Mayo Civic Center Expansion Project.”

“It’s highly discriminatory. No one can ever win the economic argument of forced, union-only PLAs it’s very politically charged, and this special interest group wins once in a while on these PLAs,” said Robert Heise, president of the Minnesota/North Dakota ABC chapter. “It’s unfortunate for the taxpayers of Rochester because the bidder pool is just going to get real small, and it’s going to drive up the price.”

A PRICE TO PAY: The Associated Builders and Contractors say union project labor agreements cost taxpayers more by limiting the pool of bidders.

A 2010 Cato Institute study estimated PLAs can drive up the cost of public projects by 12 percent to 18 percent.

“They are motivated by a desire on the part of the construction unions to shore up the declining union wage premium against technological changes and other changes that make traditional union work rules and job designations obsolete. The public has no interest in an arrangement that forces taxpayers to accept an uncompetitive bidding process for the sake of getting a project done,” the study concludes.

Eugene Grover, president of the Southeast Minnesota Trade Council, did not respond to an inquiry from Watchdog Minnesota Bureau.

But Rochester officials say one of the biggest economic drivers — wages — would be the same with or without the labor deal, due to strings attached to \$37 million in state funding.

“The MCC (Mayo Civic Center) Expansion project will be required under state guidelines to pay prevailing wages as a condition of the city’s receipt of State funding for

the project,” said Staver, the City Council leader. “As a result, use of a PLA should not materially impact the costs for the project.”

Two more high-profile, publicly funded construction projects under way in the Twin Cities also involve project labor agreements — stadiums for the Minnesota Vikings and the St. Paul Saints.