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# The Iowa Policy Project

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## Project Labor Agreements in Iowa RESPONSES TO FREQUENTLY ASKED QUESTIONS

### ***Are nonunion contractors locked out of public PLA projects in Iowa?***

Certainly not. Consider the Iowa Events Center PLA. Have a look at Articles II sections 5(a), 6(a) and 6(b) and Article XX. Bidding must be open to all qualified bidders regardless of whether they are union or nonunion contractors.

By way of examples: Consider the major public-sector PLAs from around the country. On the Boston Harbor project 102 of 257 subcontractors were nonunion. On the Southern Nevada Water Authority PLA, 6 of the 16 contracts were awarded to nonunion firms on the PLA part of the project, while on the earlier non-PLA portion of the project only three of the 15 contracts were awarded to nonunion contractors. On California's East Side reservoir project PLA, 32 percent of the bids were submitted by nonunion contractors and (counting subcontractors) more than half the contractors working on the project have been nonunion.

### ***Are workers on public PLA projects required to join unions or pay union dues?***

Again, certainly not. Look at the provisions of the Iowa Events Center PLA, specifically the non-discrimination provisions of Articles IV Sec. 3(a), Article XIV, and Article XVII Sec.3. No worker on the project has to join a union or pay union dues.

### ***How does contract performance compare in similar-scale projects negotiated with and without PLAs in terms of timeliness and cost expectations?***

The most dramatic evidence on the timeliness issue is from the multibillion-dollar Boston Harbor project where there were over 20,000,000 craft hours worked over the course of seven years with zero lost time due to strikes or lockouts.

### ***How do wages and benefits compare on PLA and non-PLA public projects?***

Taking the Iowa Events Center PLA as a case in point, the county's construction manager estimated that both with and without the PLA, the percentage of union workers on the project would be about 90 percent to 95 percent of the workforce. However, with the PLA, the 5 percent to 10 percent of the workforce that would be nonunion in either case would probably be somewhat better paid. Its overall conclusion, however, was that the gross dollar savings from using the PLA was going to be greater than that wage differential, and the PLA would produce a worthwhile positive net benefit.

From ***“Project Labor Agreements in Iowa: An Important Tool for Managing Complex Public Construction Projects”***

***Are comparisons available for both public and private projects?***

A relatively small number of studies are out there, and they tend to be partisan. Data from private project PLAs tend to be proprietary and more difficult to obtain. And while it is possible to obtain some data on what the bottom line results were for PLA and non-PLA projects, it is difficult to separate out the causal connections. So, for example, the Events Center is now somewhat over schedule and a little over bid, but much if not all of this is due to delays and legal costs engendered by the challenges by ABC and its allies.

More reliable, in our view, is the continued and ongoing usage of PLAs on complex private projects where profits are at issue and owners wouldn't employ PLAs on an appropriate project unless they were convinced that the net benefits were going to be positive. If PLAs are not cost-effective in straight dollars-and-cents terms why have private owners allowed Bechtel, for example, to use 85 PLAs in the last 25 years?

***Use of Local Firms and Workers: How do PLA-governed projects compare with non-PLA projects of similar size in similar locations in use of firms and workers from the same general area of the project?***

The experience with PLAs in Dubuque and the Quad Cities seems to demonstrate in practice a good level of local contractor and workforce utilization. This was also found in the Southern Nevada Water Authority PLA and in the Boston Harbor PLA as well. This makes sense since union hiring halls are local institutions and so tend to draw on local craftspeople first and only then to reach outside the local area when a craft shortage has been identified. Moreover, the setting of the craft wage rates in the PLA tends to give states like Iowa, with a generally educated workforce, an advantage over low wage/low skill/low performance contractors from elsewhere.

***Do mandatory grievance procedures, uniform conditions of employment and no strike/no lockout provisions guarantee in practice labor peace and stability?***

While there is no "guarantee," available data appear to show almost complete elimination of lost time project disruptions from labor disputes. In any complex project involving lots of contractors, doing lots of different jobs overlapping in time and place, with lots of workers from a large number of different crafts also overlapping in time and place, there are bound to be arguments. The benefit of the PLA is that it provides firm standards for organizing the work, along with a mechanism for rapid dispute resolution, with substantial penalties for non-compliance. And as noted in the response to Question 4, there is good specific evidence that PLAs are effective in controlling strikes and lockouts.

The ABC has noted in this connection that there was a strike on the San Francisco airport PLA. However, the lesson of that event is not that there was a walkout, but that due to the fast arbitration provisions of the PLA it lasted only one day.

***"Project Labor Agreements in Iowa: An Important Tool for Managing Complex Public Construction Projects," by Ralph Scharnau and Michael F. Sheehan, is available at <http://www.iowapolicyproject.org>***