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Labor agreements could make construction more expensive in D.C.

Washington Business Journal - by [Michael Neibauer](#)

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Forcing contractors of D.C.'s subsidized projects to hire more District residents and sign project labor agreements could increase costs and offset efforts to ease the expense of construction initiatives, a city official said Wednesday.

Legislation before the D.C. Council would require that contractors of taxpayer subsidized projects valued in excess of \$200,000 hire city residents for 25 percent of journeyman hours, 50 percent of apprenticeship hours, 60 percent of skilled laborer hours and 70 percent of unskilled laborer hours.

It also mandates pre-hire collective bargaining agreements with one or more labor unions, known as

project labor agreements. PLAs generally establish wage rates and hiring goals, guarantee no strikes or lockouts and set up methods for resolving labor disputes.

"This bill for many reasons couldn't be more wrong," Bill Dean, CEO of Dulles-based **M.C. Dean Inc.**, said during a council hearing on the bill. "At a time when we should be trying to do all we can to help D.C. workers and to enable employers in the District, this bill would propose to restrict all assisted projects to only union workers and only union contractors simply as a matter of political favoritism."

Subsidies, including tax abatements, are justified "because relatively higher costs of these projects lead to funding gaps," says Yesim Yilmaz, with the D.C. Office of Revenue Analysis. Taxpayer assistance, she says, reduces the relative costs of these contracts, and the proposed legislation "could counter these efforts to the extent it would increase construction costs."

Yilmaz estimated — imprecisely, she acknowledged — the PLA mandate could increase private contracting costs by as much as 4.1 percent and costs for D.C. Public Schools projects up to 3.6 percent. There are hundreds of such endeavors ongoing throughout the District.

PLA proponents claim costs will decrease with predictable labor expenses, no strike guarantees and a better trained, more productive work force.

"You're paying the union rates anyway," said Gerard Waites, an attorney representing the **Washington, D.C. Building Trades Council**. "The question is, are you getting the benefit of the bargain? And without taking some concrete step to ensure the local hiring and to tap into the best training programs out there, there's no way of ensuring that. These help you do that."

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But members of the business community slammed the measure as disingenuous, anti-business and likely ineffective.

Roderic Woodson, chairman of the **D.C. Building Industry Association** legislative committee, says, "There is opportunity for work but very little or low capability" among District residents to fill the jobs. It reflects, Woodson says, a "disastrous collapse of our local education institutions and family structures and these matters cannot be repaired with amendments to first source."

The District's first source program sets a 51 percent D.C. resident hiring goal for subsidized contractors. But few projects meet that goal, recently released audits found, and the District has done a poor job of enforcing the program.

"I am open to other ideas and input regarding the potential unintended consequences of this particular approach," says Councilman Michael Brown, D-At large, of the bill, which he introduced. "However, we are not open to the status quo of having a first source agreement that does not achieve the average of 35 percent of D.C. residents getting hired for particular businesses in this city."

Councilman Kwame Brown, D-At large, suggested that small businesses may be hurt by a PLA mandate. Councilman Jim Graham, D-Ward 1, was skeptical as well.

"I don't mind supporting something that supports labor, but I really want to support something that supports D.C. jobs, and you haven't made that case for me," Graham told union witnesses testifying in support of the bill.

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