

09/15/00

PROJECT LABOR AGREEMENTS IN MINNESOTA

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INTRODUCTION

The following is a summary of my research on Project Labor Agreements (“PLAs”) in Minnesota. I began the project in June 2000 and completed it in August 2000. The objective of my research was to identify as many PLAs in the state as possible in order to evaluate the validity of organized labor’s arguments about lower costs, on-time project completion, improved quality, increased safety, and the absence of strikes on projects governed by a PLA. I found that, aside from strikes, all of the above do occur on projects governed by a PLA.

Based on accessibility of information, relative rate of occurrence, project size and degree of public interest, I decided to focus my research on school districts in Minnesota. With the help of the Minnesota Department of Children, Families and Learning, I developed a list of school districts that were involved in new construction, remodeling, additions or upgrades at some point in the last five years. Most school districts have been involved with construction projects more than once. I telephoned nearly one hundred school districts in the state in order to determine whether or not the specific district had ever signed a PLA. I was able to obtain relevant information from approximately 60% of those districts I contacted. Of that percentage, about 15% had signed a PLA in the last five years. To those districts that had signed a PLA, I posed the following questions:

- When was the project completed?
- Was the project completed on time?
- Were there any construction defects or problems? How many? What were they?
- Were there any accidents or injuries? How many?
- What was the cost of the project? Was it completed under/over budget? How much?
- Were there any strikes?
- Was your impression of the Project Labor Agreement favorable or unfavorable?

I think it is important to note that it was not my objective to show that PLAs could cause a delay, construction defect, accident or injury, or increased costs, but instead to evaluate claims that PLAs could avoid these problems.

In addition to school districts, I also interviewed a variety of other public and private bodies, usually based on referrals from someone with whom I had spoken in the area’s school district. I asked those entities the same set of questions. These public and private bodies are also included in the presentation of my research because they illustrate the wide range of PLAs in Minnesota and cast more light on the performance record of public PLAs.

Pages 2-5 contain a list of the school districts and other entities which I contacted regarding construction projects. Pages 6-9 contain a “Project Labor Agreement Fact Sheet” summarizing the results of each PLA project I found. Page 10 is a list of possible contacts for more information on PLAs.

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School District	Dis. Num.	Phone	Bond Date	Amount Passed	Project	PLA?	Comments
Alden Conger	342	507-874-3240	11/19/96	\$2,600,000	additions to school	No	Never heard of PLA
Annamdale	896	320-274-5602	05/19/98	\$2,950,000	addition to auditorium	No	
Anoka-Hennepin	11	763-506-1000	1995	NA	new middle school and additions to two elementary schools	Yes	See PLA factsheet
Barnum	91	218-389-6978	NA	NA	new elementary school	No	Spoke with Tom Hoppe (7/23): It was not economic for district to enter into contract. did not want to commit
Burnsville-Eagan-Savage	191	952-707-2050	03/03/98	\$1,553,000	upgrades to stadium	No	Spoke with Carter Christie (7/27): Signed prevailing wage
Byron	531	507-775-2383	03/25/98	\$2,500,000	district-wide renovations	No	Signed prevailing wage
Cambridge	911	763-689-4988	07/24/96	\$18,720,000	renovations and additions to high school	Yes	See PLA factsheet
Colombia Heights	13	763-586-4505	10/30/96	\$29,000,000	renovations and upgrades	Yes	See PLA factsheet
Cook County	166	218-387-2271	04/10/96	\$10,286,700	additions to high school	Yes	See PLA factsheet
Duluth Jail	NA	218-726-2345	1995	\$13,500,000	new 200 bed jail	Yes	See PLA factsheet
Edina	273	612-928-2500	04/16/98	\$12,500,000	upgrade district technology	No	Spoke with Sup. (7/31)
Elk River	728	763-241-3400	09/12/96	\$26,600,000	2 new junior highs	No	Spoke with Ron Brantley (7/21): Was approached by union to sign PLA, but said there was "no reason" to sign; the district "didn't feel the need and didn't want to be locked in."
Fsko	99	218-879-2969	04/01/96	\$11,910,000	renovations and additions to high school	No	After a trade threatened to strike ¼ into project district agreed to prevailing wage
Glencoe-Silver Lake	2859	320-864-2498	02/10/98	\$2,300,000	fieldhouse	No	
Grand Rapids	318	218-327-5704	09/03/96	\$27,600,000	renovations and additions to school	No	Did not sign PLA despite tremendous pressure to do so. Did not sign PLA or adhere to prevailing wage because the district was willing to "hire anyone who does the job well." Only 2 of the 34 contractors were non-union. The project was completed on time, but there were many problems with union labor supply.
Hawley	150	218-483-4647	03/25/96	\$10,900,000	renovations and additions to school	No	Spoke with former Sup., Dale Skallerud (7/11)
Hermantown	700	218-729-9313	03/10/98	\$4,400,000	additions to high school and elementary school	Yes	See PLA factsheet
Hibbing	701	218-263-4850	01/08/96	\$1,674,000	additions to high school	No	Spoke with Paul Wojak (8/9)
Hibbing Jail	NA	218-726-2345	after 1995	\$3,000,000	remodeling of law enforcement center	Yes	See PLA factsheet
Hutchinson	423	320-587-2860	03/12/96	\$12,000,000	district-wide renovations	No	Spoke with Dale Baker (7/26)

School District	Dis. Num.	Phone	Bond Date	Amount Passed	Project	PLA?	Comments
Inver Grove	199	651-306-7800	04/05/96	\$11,615,000	additions to high school	No	Spoke with Sup. (7/23): Did not sign PLA, but all shops were union; more political than economic
Kenyon-Wanamingo	2172	507-789-2969	04/10/96	\$14,430,000	new high school	No	Spoke with Sup. Connie Hayes (8/15)
La Crescent	300	507-895-4484	10/13/96	\$10,000,000	additions to schools	No	Signed prevailing wage
Lake of the Woods	390	218-634-2735	09/03/96	\$2,900,000	new athletic facility	No	Spoke with business manager (8/8)
Luverne	2184	507-283-8088	09/17/96	\$12,500,000	new elementary and	No	See PLA factsheet
Maif of America	NA	218-879-1293	NA	NA	mall	Yes	Spoke with Director of Grounds and Trucking Johnnie Cunningham (6/30)
Minneapolis	1	612-668-0000	NA	NA	NA	No	See PLA factsheet
Minnnetonka	276	952-906-2500	03/04/96	\$33,000,000	additions to high school	Yes	See PLA factsheet
Monticello	882	763-271-0300	08/16/96	\$32,600,000	new high school	No	Spoke with Carla from AYR Architects (7/26) 612-544-8941 and Mike Benadetto, Sup. (7/31): District did not want to pay prevailing wages, but legislation was passed. High school was test site for prevailing wage legislation; non-prevailing wage bids were much lower
New Ulni	88	507-359-8401	07/23/96	\$10,015,000	renovations and additions to school	No	Spoke with Scott Hogan (7/26)
North St. Paul	622	651-748-7511	05/16/96	\$2,325,885	2 ice arenas	Yes	See PLA factsheet
Ortonville	62	320-839-6181	10/24/96	\$8,900,000	additions to K-12	No	Spoke with Jeff Taylor (7/21): Signed prevailing wage; said the district was "stuck with" prevailing wage law that cost "considerably more."
Owatonna	761	507-444-8601	07/11/96	\$29,000,000	renovations and additions to school	No	Spoke with Jeff Solomon (7/10): Never approached to sign PLA; project under prevailing wage
Pine City	578	320-629-4000	10/24/96	\$2,700,000	additions to high school and elementary school	No	
Rochester	535	507-285-8551	12/07/95	\$33,345,000	new high school	TBD	Spoke with Paul Bourgoise (7/20): Approached to sign PLA; Paul Bourgoise recommended to Sup. that district not sign. Ms. Elizabeth Coover called district (7/20)
Rush City	139	320-358-4855	06/10/96	\$1,810,000	renovations to high school	No	Spoke with Sup. (7/26)
Sartell	748	320-253-2440	05/05/98	\$10,990,000	new elementary school	No	Spoke with Kay Warner (7/27)
South Washington County	833	651-458-6300	09/24/98	\$4,642,480	additions to schools	No	Spoke with Larry Wick (8/9)
St. Cloud	742	320-253-9333	06/12/98	\$2,890,870	upgrade district technology	No	Spoke with supervisor of purchasing (7/27)
St. Louis County	2142	218-749-8130	05/16/96	\$3,000,000	renovations and additions to school	No	Spoke with Joe Dell (7/10)
St. Paul	625	651-239-5100	NA	NA	NA	Yes	See PLA factsheet

School District	Dis. Num.	Phone	Bond Date	Amount Passed	Project	PLA?	Comments
Underwood	550	218-826-7254	07/13/98	\$8,200,000	upgrade K-12 facilities	No	Spoke with Wade Cole from E&V Consulting (7/31): Great resource; said his impression of PLAs is so unfavorable that he will never advise a client or school district to sign PLA. "It locks them in," he says. He adds, "it is more beneficial to the clients to be flexible" and a PLA only "ties up or locks a client into many things."
Virginia	706	218-741-6955	08/16/96	\$7,300,000	remodeling of middle school and high school	No	Did not sign PLA, but district "didn't have a choice" in its contracting. The make-up of the local workforce and a very pro-union school board meant that even the few non-union subcontractors were picketed.
Virginia Jail	NA	218-726-2345	after 1995	\$1,500,000	remodeling of sheriff's department	Yes	See PLA factsheet
Wabasso	640	507-342-5114	04/07/98	\$4,950,000	renovation of K-12 school	No	
Waconia	110	952-442-6600	07/23/98	\$10,800,000	new middle school	No	Signed prevailing wage
Waseca	829	507-835-2500	01/30/96	\$10,600,000	new middle school	No	Spoke with Jim Schmitt (7/19): Never heard of PLA
Wayzata	284	612-745-5000	09/02/98	\$18,500,000	district-wide renovations	No	Spoke with Joe Matson (7/31)
White Bear Lake	624	651-407-7562	03/08/96	\$7,000,000	renovations and additions to school	No	
Win-E-Mac	2609	218-687-2236	10/24/96	\$7,900,000	new K-12	No	Signed prevailing wage
Wrenshall	100	218-384-4274	06/03/96	\$5,022,000	renovations and additions to school	Yes	See PLA factsheet

PROJECT LABOR AGREEMENT FACT SHEET

Anoka-Hennepin School District #11

In 1995, the district signed a PLA for the construction of Oak View Middle School and additions at two elementary schools. Terrazzo flooring in the middle school's cafeteria split, and the HVAC (Heating, Ventilation and Air Conditioning) systems were so defective they were pulled out and replaced. Although the project stayed within budget, the district was forced to use nearly all of its contingency funds. The district is now planning a new high school under a PLA in Andover, and Tom Redman, supervisor of Sites and Grounds, is concerned about a repeat of these problems.

Cambridge School District #911

Mark Eisenbacher, director of the Cambridge School District 911's buildings and grounds, was not pleased with the district's 1997 PLA. When I asked him his overall impression of the PLA for the \$18 million renovation and additions to the high school, he was candid: "I can't say that it helped us...Unfavorable." During the project, one worker fell from a ladder and lost work time, the district was forced to respond to a myriad of problems during construction, and labor shortages delayed the project for two months. Not only did Cambridge have to respond to safety issues and faulty construction during the project, but electrical and mechanical defects meant the district had to fix a variety of construction-related problems after the project was finished.

Colombia Heights School District #13

Although the PLA for district renovations was "positive" overall, Superintendent of Colombia Heights School District, Dr. David Behlow, noted that there were some construction defects and delays that pushed the \$33.5 million project behind schedule. Also, one worker died while working on the project.

Cook County School District #166

Superintendent Dale Tormondsen describes Cook County's \$10 million effort to make additions to the district's high school and one of its elementary schools under a PLA "very expensive" and marked by "bad luck." When I spoke with him on July 10, 2000, he explained that construction problems led to continuous delays. Although a number of the problems were unforeseen, delays were numerous enough to extend the project into the winter of 1997 – and cost the school district an additional \$300,000. To finish the project, the district was forced to purchase propane for temporary heat. Trouble continued even after the project was completed. "Some time after the project was done," Mr. Tormondsen explained, the floor in the new art center "bubbled up." Additional costs were required for the district to repair the faulty construction.

Hermantown School District #700

Pat Chaffey, Business Director of the Hermantown School District, was lukewarm in describing the district's PLA for additions to an elementary and high school. He said the project, which finished a few weeks late in September 1999, "worked" despite several timeline problems. When I spoke with him on July 27, 2000, he said that the \$3.2 million project finished behind the projected schedule because, as Mr. Chaffey lamented, "we couldn't get laborers when we needed them a couple of times." The project manager had a particular problem at one point with delinquent bricklayers. Labor difficulties, coupled with materials that arrived later than scheduled, forced delays on the construction of a classroom at an elementary school and were responsible for retarding the overall project.

Mall of America

Contractor Mark Bosh did not directly work on the Mall of America project but was very familiar with the PLA. He said that the PLA "made some sense in keeping workers there," but was quick to add that "as far as time and budget and safety are concerned, a PLA is not a factor." Indeed, many facets of the Mall project were over budget. Moreover, there were a variety of injuries, and the death of a union worker who fell when "improper" scaffolding collapsed.

Minnnetonka School District #276

On July 17, 2000, I spoke with Tom Berge about a PLA the district signed for additions to the high school in the fall of 1996. The total cost of the project was \$33 million. Although he said he does not know if the district would enter into a PLA again, his overall impressions of the PLA were favorable. He stated that the project finished on time, was a little under budget and was completed without construction defects and free of accidents or injuries. There were, however, a few instances when the project manager was forced to pressure the unions, despite the PLA, to keep the project on schedule. In particular, Mr. Berge recalled a situation in the summer of 1997 when there was a shortage of electrical workers on site. Faced with the prospect of delays in an already tight timeline, the project manager had to pressure the local electrical trade unions to find workers to meet the project deadline. The PLA thus did not "automatically" help with staffing. The project manager had to intervene to keep the project on schedule.

North St. Paul School District #662

North St. Paul has signed two PLAs in the last three years. The first, signed in 1998, was for improvements to the high school and middle school. The second, signed in January 2000, is a deferred maintenance agreement that restricts the district's bidding to contractors with union employees on the district's remodeling projects. Although the former was "favorable," the latter has been plagued with budget overruns. "All [of these] projects run high," district official Ron Parrucci says. Size seems to have no bearing on the inability of PLAs to stay within budgets: nearly every improvement project that is performed under the PLA-bound deferred maintenance agreement, Mr. Parrucci says, "runs above what we anticipate."

St. Louis County Jail in Duluth

Gary Waller was St. Louis County Sheriff when Minnesota's first public PLA was signed in 1993. He was in a particularly good position to learn about the state's first public PLA; it was St. Louis County's 200 bed, \$13.5 million jail for which the PLA was signed. He says the project was positive overall—there were no budget problems, no accidents or injuries and no strikes. However, the jail was finished two months later than expected in 1995 because of troublesome electronic security systems and a leaky roof.

St. Louis County Jail in Virginia

Although the remodeling of the 72 hour lock-up facility in Virginia, Minnesota was positive overall, its completion was delayed. The \$1.5 million project that added beds and updated the sheriff's department was over a month late.

St. Louis County Jail in Hibbing

I spoke with Jail Supervisor, Dave Prachar, regarding the St. Louis County Jail on August 8, 2000. His reaction to PLAs was not positive, and he stated that construction finished on that project almost a year late. Numerous problems with subcontractors and very poor response time gave Mr. Prachar the discomfoting impression that "the general contractor had no control over the subcontractors." It seemed, Mr. Prachar explained, that once a job was "ninety to ninety-five percent complete," subcontractors would "leave and go somewhere else." There was "an extensive punch list," Mr. Prachar recalled, because there were "so many quality problems." The terrazzo floor looks like a "spider web," Mr. Prachar said, "and the roof still probably leaks."

St. Paul School District #625

Executive Director of Plant, Planning and Maintenance Patrick Quinn said that St. Paul School District #625 is involved in over 200 construction projects every year. The largest one or two projects, Mr. Quinn explained, are PLAs. At present, the district has had no problems with budget, timeliness, safety or construction defects.

Wrenshall School District #100

Former superintendent Dale Tormondsen explained that the renovation projects to a few district buildings following the March 1996 bond referendum were governed by a PLA. The \$5 million project was on time and on budget. There were no safety issues.