



**THE TRUE COST OF THE WASHINGTON
NATIONALS BALLPARK PROJECT LABOR
AGREEMENT
NOVEMBER, 2009**

A Study by:



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Executive Summary¹

The stated purpose of the Washington Nationals Stadium Project Labor Agreement (PLA) was to ensure that District of Columbia residents and businesses were not shut out of work in the stadium's construction.

In general, PLA proponents portray PLAs as even-handed attempts to prevent conflicts between unionized general contractors and union officials before the project begins; avoiding strikes or lockouts. Project labor agreements vary in their specifics, but, in general, they require contractors and subcontractors on covered projects to agree to recognize unions as the representatives of their employees and require all workers to be under the union master contract. Project labor agreements have been around since the 1930s, but they have become an increasingly common means for unions to exercise, directly or indirectly, monopoly power over labor markets since the U.S. Supreme Court gave them the green light in 1993 – in a ruling involving a massive Boston project. Less than 15 percent of America's private-sector hardhat labor force currently belongs to a union, but [PLAs ensure that many of the most lucrative projects are effectively union-only](#).

Nationals Stadium shared common characteristics with other PLAs, and it supposedly codified promises made to local workers and held contractors accountable for their agreements. Moreover, this PLA threw certain local non-union shops a bone by allowing them to work on ballpark contracts under \$10 million. In the end, however, this provision provided few real opportunities.

The Ballpark PLA established three main goals to track and measure the PLA's job creation success. In addition, these goals were ostensibly put into place to achieve broader objectives such as increased employment for LSDBEs (local, small, disadvantaged business enterprises), many of which are minority-run. In the end, it did not achieve any of these goals. And not one contractor who violated the D.C.-resident requirements faced PLA detailed sanctions.

If the total stadium construction costs equal the sum of the Clark/Hunt/Smoot (CHS) stadium project contract of \$442.5 million plus the \$7,000,000 for sidewalks, and not including the \$2 million completion bonus to CHS; then the "baseline number" of \$396 million used in the 2008 CHS report is \$53.5 million short of actual hard costs associated with the stadium construction. Using this actual cost, **LSDBEs lost \$19.25 million in contracts needed to reach the 50 percent goal**. Article X of the DC Stadium regarding "Apprentices and Training" provides for the percentages of apprentices and journeymen for the project.

Some suggest that Big Labor's strategy to push for the National Stadium PLA represents an ambitious tactic to address decreasing membership and underfunded, mismanaged labor union pension funds. A recent article in the [Washington Times](#), for example, highlights the fact that several construction unions' pensions are underfunded.

The bottom line is that the Ballpark PLA was a failure. And yet the District of Columbia is considering making project labor agreements the standard for other projects. And, future PLAs will hurt DC residents and taxpayers as they will fail for the same reasons as the Nationals Stadium PLA.

¹ The author wishes to thank Don Loos at the National Right to Work, and also Ivan Osorio at the Competitive Enterprise Institute for all their great input and assistance in preparing this report.

PLA proponents claim that these agreements result in labor peace; but the peace may not be worth the price. If it is labor peace that is sought, then it would be more cost effective to require unionized contractors to have their own internal PLA established before being allowed to bid. There is no need to make a PLA universally binding, especially on employers unaffected by union strife.

A bidding process that is open to all shops, union and nonunion, and that does not impose additional costs on contractors is the best way forward for future large scale public construction projects. Eliminating PLA's will employ more DC resident hardhat workers, and at a time of high unemployment it seems foolish to promote a PLA policy that costs DC residents jobs while simultaneously increasing the tax burden.

Introduction



Picture courtesy of the Washington Nationals

Nationals Park in Washington, D.C., is a publicly funded baseball stadium. The District's government agreed to fully fund the project as a part of the deal to bring baseball to the city. In an effort to rein in costs, the D.C. city council capped "hard expenditures" at \$611 million.¹ The city owns the ballpark, which is operated by the D.C. Sports and Entertainment Commission. The project was funded by \$535 million in municipal bonds, which were meant to be repaid through taxes imposed on D.C. businesses and through revenue generated by the stadium. Unfortunately for D.C. taxpayers, the District did not seem to take cost containment seriously. The city imposed a project labor agreement (PLA) on contractors who wished to bid for work on the stadium.

A project labor agreement is a negotiated settlement between a construction project's owner and its designated general contractor(s), on the one hand, and a group of labor unions, usually a state or local building-trades council, on the other. The pact is drawn up before on-site work begins. Unlike other types of pre-hire agreements, PLAs last only for the duration of the project. They are typically applied to public works projects such as schools, stadiums, pollution control plants, and bridges – projects, in other words, either owned or funded by government.

This report exposes the problems that PLAs present for DC taxpayers, as well as unemployed, and underemployed residents. Specifically, it focuses on the broken promises of the D.C. Ballpark PLA, in order for policymakers, stakeholders in the local economy, and citizens to understand the burdens that PLAs impose on state and city governments. The Nationals Park PLA created a huge barrier for the District's non-union workforce: 85 percent of construction workers and 95 percent² of minority-owned contractors were left out of the work.

The agreement was supposed to bring new jobs and on-the-job training for District of Columbia residents, particularly local small and minority businesses. Unfortunately the PLA, by its very nature, is set up to fail on the very goals it sets out. Many jobs went to out-of-town workers, and many minority-owned businesses were shut out from the beginning.

(At cost of \$442.5 million to build³—not including land and environmental costs—and a total public cost of \$693 million⁴, did the citizens of DC get what they were promised? In analyzing the impact of the ballpark PLA, it is important to look beyond the narrow goals set forth in the agreement, and ask: Did the PLA achieve the broader, more important objectives of increasing District resident participation in the project and improving the economy overall? As with most PLAs, the Nationals Park PLA failed to meet its goals to provide the jobs promised to Washington, D.C., residents, and consequently failed to provide the economic shot in the arm promised. Therefore, it can be reasonably judged a dismal failure.)

Understanding PLAs

Proponents portray PLAs as even-handed attempts to adjudicate conflicts between a general contractor and union officials before they degenerate into strikes or lockouts. But such rhetoric is at odds with reality. In both intent and practice, a PLA binds a contractor and all subcontractors to union-dictated terms and conditions of employment. While nonunion contractors are eligible to submit bids, they must sign the PLA if they win a contract – no PLA, no work. In some cases, if a contractor is deemed by a government agency to have a “poor” labor record (often defined by union-determined criteria) it may be ineligible to bid in the first place.

Project labor agreements vary in their specifics, but in general they require contractors and subcontractors on covered projects to agree to recognize unions as the representatives of their employees; use union hiring halls to obtain workers; obtain apprentices exclusively from union apprenticeship programs; obey costly, restrictive and inefficient union work rules, including dispute resolution; and, perhaps most costly of all, pay into union benefit and pension plans. Employees, whether union members or not, must pay union dues while working on the project.

In 2003, the Massachusetts-based Beacon Hill Institute conducted an extensive statistical analysis on the effects of PLAs on school projects in Massachusetts, Connecticut and New York. “The study found that PLAs raise winning bids for school construction projects by 14%, and actual construction costs by 12%.”⁵ Boston’s infamous “Big Dig” fiasco was largely due in part to a project labor agreement.

Rigid work rules are not the exclusive creation of unions. Eventually, business and collective bargaining efforts produce a web of complex rules. Under the Wagner Act, management manages. What the union does is complain, and negotiate for a rule limiting management’s right to do what the union doesn’t like. For example, at some General Motors plants, distinct job categories evolved for each spot on the assembly line.⁶

Project labor agreements have been around since the 1930s, but they have become an increasingly common means for unions to exercise, directly or indirectly, monopoly power over labor markets since the U.S. Supreme Court gave them the green light in 1993 – in a ruling involving another massive Boston project. In *Building & Construction Trades Council of the Metropolitan District v. Associated Builders and Contractors of Massachusetts/Rhode Island*, the Supreme Court, by a unanimous 9-0 margin, reversed the appeals court ruling. The high court held that the National Labor Relations Act “does not preempt a state agency from enforcing a PLA covering a particular public project.”

Less than 15 percent of America’s private-sector hardhat labor force currently belongs to a union, but [PLAs ensure that many of the most lucrative projects are effectively union-only](#).

Understanding the Nationals Park Stadium PLA

The stated purpose of the Nationals Stadium PLA was to ensure that District of Columbia residents and local businesses were not shut out of stadium construction work. The agreement between the city and all the various contractors who agreed to work on the project was supposed to provide jobs to local, small, and disadvantaged business enterprises (LSDBEs) and to deliver apprenticeships and journeyman hours to district residents.

In addition, the PLA supposedly codified promises made to local workers and held contractors accountable for their agreements. On June 16, 2005, then-D.C. Mayor Anthony Williams announced the Nationals Stadium Project Labor Agreement, which required all contractors to recognize the signatory labor unions as the sole and exclusive bargaining representatives of all craft employees on the project, essentially insulating larger union-only contractors from competitive bids by non-union contractors and LSDBEs. The Mayor's June 16 press release provided many reasons for the PLA. Here are a few:

- The Stadium project will utilize apprentices for **25% of the jobs** and **50% of all of those apprentices will be bona fide City residents**. In order to train City residents to become journeymen, **100% of all new apprentices will be bona fide City residents**.
- Certified Local Small and Disadvantaged Business Enterprises (LSDBEs) will receive 35% of the contracts. [Later increased to 50% by the DC Council.]
- District residents will receive priority status on the "union call list" and be referred to a job before non-District residents, regardless of the District resident's place on the referral list.
- The agreement provides for monetary sanctions of 5% in direct and indirect costs of the contract for failure to employ 50% of District residents on the contract.⁷

The PLA threw non-union shops a bone by allowing them to work on ballpark contracts under \$10 million, which in the end, provided few opportunities.

The day after the D.C. Council approved the union-only deal, *The Washington Post* summed up the significant promises made: "D.C. Council Approves Stadium Labor Pact; Residents Are Assured Jobs, Backers Say." A press release from a local labor union read: "DC Stadium Project Labor Agreement Generates Jobs for DC Residents." The problem with that claim was that 95 percent of the city's minority contractors were non-union shops—so the very people the PLA was meant to help were placed at a disadvantage from the outset. The National Black Chamber of Commerce and Associated Builders and Contractors both have spoken out against the PLA's discriminatory nature.⁸

The District entered into a union-only agreement between the city and every contractor allowed to work on the project. Labor union representatives assured the city council that the PLA would provide jobs to local, small, and disadvantaged business enterprises (LSDBEs). The PLA specifically guaranteed delivery of a specific percentage of apprenticeships and journeyman hours to District residents. In addition, the PLA codified promises made to District workers and held contractors accountable for these promises.

Nationals Stadium PLA cont...

The PLA established three main goals to track and measure the PLAs success in job creation. However, only one goal was met during the Stadium's construction. When it came to the higher paid journeyman hour guarantees, D.C. journeymen only received half the hours promised.

Not one contractor who violated the PLA agreement's D.C.-resident requirements faced the PLA detailed sanctions. While the Mayor's office and the PLA required accountability, the city failed to follow through despite the millions transferred from D.C. residents to non-residents in violation of the spirit of the agreement. Local building and construction trades councils failed to enforce and obey rules they negotiated with Mayor Williams and the D.C. Council.

Stated Goals

Specifically, the three main goals of the Nationals Stadium PLA were for:

- D.C. workers to perform 50 percent of journeyperson hours;
- City residents to perform 100 percent of apprenticeships; and
- Apprentices to perform 25 percent of total work hours.

Reality

A 2008 Clark/Hunt/Smoot (CHS) Report to the DC Sports & Entertainment Commission⁹:

- The stated subcontract amount of the project was \$396,181,138 and the total to be paid to LSDBEs was \$205,513,798, or 51.87 percent exceeding the published¹⁰ goal of 50 percent.¹¹
- For the journeymen part of the stadium PLA to have been met, the project needed to increase the number of DC journeymen hours by 93 percent. A whopping 74 percent of the higher paid journeymen hours went to non-residents.
- Only 26 percent of the higher paying journeymen worker hours were performed by D.C. residents. That is a difference of 425,000 hours between the goal and actual hours worked by DC residents. At an estimated average of \$29 per hour for journeypersons, D.C. residents lost \$12,325,000 in promised wages.
- The total hours worked by apprentices was 135,945 hours short of the 25 percent goal in the agreement. The apprentice program was sold as job training program for DC residents so that they would be able to obtain higher paid jobs in the future.
- On top of the 135,945-hour reduction in total D.C. apprentice hours, the total number of new D.C. apprentices needed to be increased 17.4 percent to meet the new apprenticeship goal.
- The plan failed to achieve the 51 percent D.C.-resident rate of new hires; it created 991 new hires not the 1,001 new hires required.

(Note: If the total stadium construction costs equal the sum of the CHS stadium project contract of \$442.5 million plus the \$7,000,000 for sidewalks, and not including the \$2 million completion bonus to CHS; then the "baseline number" of \$396 million used in the CHS report is \$53.5 million short of actual hard costs associated with the stadium construction. Using this cost, LSDBEs lost \$19.25 million in contracts to reach the 50 percent goal. Article X of the DC Stadium agreement regarding "Apprentices and Training" provides for the percentages of apprentices and journeymen for the project.¹²)

Failure for Local Businesses and Residents

“At the end of the day, all of those goals should have been met.”

- Robert Bobb, the City Administrator for the District of Columbia who drafted the PLA

[PLAs Forced Pension Contributions](#)

Some suggest that Big Labor’s strategy to push for the National Park PLA represents an ambitious tactic to address decreasing membership and underfunded, mismanaged pension funds. The ballpark PLA coerced all workers to work under union rules and to contribute to the signatory union pension plans¹³. Nonunion members will likely never see those forced pension contributions again.

A recent article in [The Washington Times](#) highlights the fact that several construction unions’ pensions are underfunded. The article specifically listed International Brotherhood of Electrical Workers, the Laborers International Union of Northern America, the International Association of Machinists, the United Brotherhood of Carpenters, the International Union of Operating Engineers, and the National Plumbers Union.¹⁴ Whatever the motive, it is a disservice to D.C. residents to force them to contribute into pension funds from which they may never collect.

In addition, the ballpark PLA contained goals that were ostensibly put into place to achieve broader objectives such as economic development and increased employment for LSDBEs, many of which are minority-run. However, the cost of construction was also increased substantially as a result of the reduced competition which resulted from the union-only PLA. The cost of the ballpark may reach [\\$800 million](#), more than double the initial cost estimate of \$395 million. The union-only PLA increased costs by reducing the pool of potential bidders. Future PLAs will do the same¹⁵.

An Associated Builders and Contractors (ABC) comparison of two stadiums built in Maryland at approximately the same time—Jack Kent Cooke Stadium (now FedEx Field), in Landover, and Ravens Stadium in Baltimore—indicates that the cost per seat of Ravens Stadium, built primarily with union labor under prevailing wage laws, was over 13 percent higher than the cost for Jack Kent Cooke Stadium, a merit shop project. Overall, the preliminary results of this study¹⁶ indicate that costs associated with union labor and prevailing wage made the Baltimore stadium costs 4.5 to 5 percent higher than the Washington stadium.

Inherently Flawed

DC PLA ARTICLE XII: WORK RULES states: *“The Contractors agrees to be bound by each individual Union’s collective bargaining agreement for the work rules.”* There is no clarity here about the rules. How are non-union employees supposed to accurately assess the time and payroll costs associated with the numerous work rules? That lack of clarity is likely a major reason why an estimated 85 percent of nonunion employers choose not to bid on PLA contracts. In other words, even if union shops were allowed to bid on the Nationals Park PLA, they would be forced into a vaguely written agreement binding them to obligations they could not anticipate, which would put them at financial risk.

Project Labor Agreements Do Not Work

Increased Costs

The District of Columbia is considering project labor agreements for other projects. But future PLAs will fail for the same reasons as the Nationals Park PLA. Multiple studies have found PLAs to push bid costs significantly higher. Proponents of PLAs justify the increased costs by arguing that PLAs increase safety, local employment, the quality of work, as well as ensure labor peace. But as we have seen, experience does not support these claims.

A study of PLAs in New York State by the Beach Hill Institute found that the presence of a PLA increased a project’s base construction bids by \$27 per square foot relative to non-PLA projects, a 20 percent increase. The potential savings from not entering into a PLA on a school construction project range from \$2.7 million for a 100,000-square-foot structure to \$8.1 million for a 300,000-square-foot structure.¹⁷

It is worth noting that PLAs increased costs at every level of government at which they are used, and are likely to be especially costly at the federal level. Assuming that project labor agreements increase project costs by 20 percent—a conservative estimate based on the figures above—the federal government will spend all of the \$131 billion allocated to federal construction projects under the \$787-billion stimulus bill (officially known as the American Recovery and Reinvestment Act) on work that could have been done for \$109 billion without PLAs. In other words, PLAs will add \$22 billion in increased costs to stimulus bill-funded construction projects. (And that is a conservative estimate. In addition, the Davis-Bacon Act requires workers on federal construction jobs to be paid the “prevailing wage” in their geographical region and occupation, as determined by the Department of Labor. This generally works out to about the same as the prevailing union wage.)

Inherently Flawed cont...

A 1995 study of the Buffalo Roswell Park project, conducted by Associated Builders and Contractors, estimated that the project's PLA reduced total bidders by 30 percent and increased the cost of the project by more than 26 percent¹⁸. Additionally, the packages bid with PLAs averaged 10 percent over budget, while the packages bid without PLA's averaged 13 percent below budget.

Studies¹⁹ of the Erie County, New York, Roswell Cancer Center bid packages showed that the cost of construction projects under the union-only PLA were 48 percent higher than those without PLAs, and the projects not subject to the union-only PLA were 13 percent under budget.

A review and analysis of Erie County, New York, Courthouse Construction Project by Ernst and Young Construction Advisory Services (E&Y) on behalf of the County of Erie found that the project's PLA diminished the likelihood of qualified and appropriate craft and tradesmen participating on the project. There were approximately six union contractors and between six and twelve merit contractors who were of sufficient size and resources to bid on the project. However, only the six union contractors bid on the project. The lack of merit shop contractors significantly reduced the pool of workers. In 2001, approximately 80 percent of all construction workers were not affiliates with a union organization; 75 percent of all construction projects nationwide were completed with nonunion labor.²⁰ Additionally, Erie County did not report any differences in quality where union and merit shop contracts were employed jointly.²¹

No labor peace

PLA proponents' claims about labor peace are not borne out, either. The majority of PLAs include no-strike agreements, but those provisions have not always been adhered to in practice. For example, despite such a provision in the San Francisco airport construction PLA²², dissident union members protested the ratification of a local labor agreement. Further, the union/PLA grievance adjustment system places large administrative costs on merit shop contractors and non-union employees, because they must spend considerable time and effort familiarizing themselves with it—and for nothing. Merit shop contractors have grievance adjustment systems in place to effectively deal with grievances on over 75 percent of all construction projects nationwide.²³

No improved safety

There is no indication that union contractors are any safer than their nonunion competitors. The Bureau of Labor Statistics (BLS) no longer tracks fatalities by union and merit shops, but BLS data from 1985 to 1993 indicates that union contractors had slightly more fatalities.²⁴

Solving the Problem

A bidding process that is open to all shops, union and nonunion, and that does not impose additional costs on contractors is the best way forward for future large scale public construction projects. This would allow minority small businesses a fair shot at bidding on such projects, something that PLAs make extremely hard for them to do. Had such a process been in effect for the Washington, D.C., Nationals Park project it would have seen substantially increased minority participation, benefiting the local economy overall. After all, if you shop around for the best price on a car, shouldn't you do that for a multi-million dollar stadium?

Recommendations regarding PLAs:

- Do not use PLAs
- PLA's should only apply to contractors that will be concerned with union unrest; that is require only union contractors to have PLAs and it must be signed prior to their bidding on a contract.
- PLAs should only apply to "no-strike clauses" and "dispute resolution clauses."



¹ Construction was plagued with problems from the outset, including lawsuits from the seizure of the land at the stadium.

² [Mayor's stadium plan could jeopardize D.C. baseball](#), Robert Green III (The Washington Examiner, 10/24/2005)

³ [Ballpark's Final Tag: \\$693 million](#), Tim Lemke (The Washington Times, 1/7/2009)

⁴ Ibid.

⁵ [Project Labor Agreements and Financing School Construction in Massachusetts](#), David G. Tuerck, PhD and Paul Bachman, MSIE (Beacon Hill Institute at Suffolk University, December 2006)

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The What and How of Union Work Rules

An excerpt from a [1983 article by Robert M. Kaus](#):

[R]igid work rules are not a mere by-product of unionism. They are central to the collective bargaining system and in fact have been praised by labor scholars as one of its great strengths. During the postwar era of prosperity, they were thought to dovetail nicely with the form of business organization that seemed destined to rule the world, the large corporate bureaucracy. [snip] ...

The fertile marriage of business bureaucracy and collective bargaining soon produced a large family of rules whose complexity was the subject of rapturous admiration. A textbook written by Clark Kerr and John Dunlop in 1964 noted with pride that "the web of rules becomes more explicit and formally constituted in the course of industrialization. ... The continuing experience of the same workplace tends to result in customs and traditions which begin to codify past practices. Eventually, these may be reduced to writing. ... The statement of rules then becomes more formal and elegant, particularly as specialists are developed in rulemaking and administration. The process of industrialization thus brings more and more detailed rules and a larger body of explicit rules. ..."

Under the Wagner Act, management manages. What the union does is complain, and negotiate for a rule limiting management's right to do what the union doesn't like. A worker protests that his job should be classified as "drilling special and heavy" instead of "drilling general." The parties butt heads, a decision is reached, and a new rule is deposited like another layer of sediment.

At some GM plants, distinct job categories evolved for each spot on the assembly line (e.g., "headlining installer"). In Japanese auto plants, where they spend their time building cars instead of creating job categories, there is only one non supervisory job classification: "production."

⁷ [Project Labor Agreement for building baseball stadium](#), Mayor Anthony Williams (Press Release, 6/15/2005)

⁸*Show me a PLA and I will show you Jim Crow employment plus a locking out of most Black owned firms that happen to be nonunion most of the time. A Project Labor Agreement is a license to discriminate against Black workers. We showed President Bush that on the Wilson Bridge Project in the D.C. area, if we were to have a Project Labor Agreement like Maryland as opposed to Virginia, it would reduce Black labor by 70 percent. When the president banned any PLA on the bridge he actually said, "I want to support small business and stop discrimination in the workplace". That was a great moment for Black employment and business development.*

([Harry Alford](#) is the co-founder, president/CEO, of the National Black Chamber of Commerce, Inc. Web site: www.nationalbcc.org.)

In addition, minority and women's groups have been vocal opponents of union-only agreements. The American Asian Contractors Association, the National Association of Women Business Owners, the National Black Chamber of Commerce and the Latin Builders Association are among the groups that have gone on record as opposed to PLAs. The National Black Chamber

of Commerce described PLAs as "anti-free-market, non competitive and, most of all, discriminatory." These groups represent workers that are significantly underrepresented in all crafts of the construction union shops. Encouraging PLAs on public works projects will make it even more difficult for minority-owned contractors to compete.

(Assoc. of Building Contractors Statistical Statements on the Impact of Union-Only PLAs)

⁹ *Setting a New Standard for Economic Inclusion for District Businesses and Workers in the Construction of the New Nationals Ballpark*, A Report to the DC Sports & Entertainment Commission, Matthew Cutts, Chairman; Erik Moses, CEO; Courtland Cox, Director of LSDBE Development (Clark/Hunt/Smoot, 9/19/2008)

¹⁰ This goal provided by the CHS is not part of the DC Stadium PLA and it has been conveniently shaved to an amount that gives the impression that the project exceeded its goal by not using half of the cost and excluding additional costs like the \$7 million for sidewalks.

¹¹ According to the *Ballpark Omnibus Act* "at least 50 Percent of each major phase of development and construction of the ballpark shall go to local, small disadvantaged business enterprises (LSDBEs)."

¹² **DC Stadium PLA, Article X:** Section 2. The Parties agree that, subject to any restrictions contained in the law, Contractor(s) will employ apprentices in the respective crafts which are performing work on the project, and within the jurisdiction of the craft in which those apprentices are working. The Parties further agree to a goal that apprentices will perform up to twenty-five per cent (25%, equals one apprentice for every three journey persons) of the total craft work hours unless the applicable Union's collective bargaining agreement (see Appendix B) provides for a greater percentage. The Union agrees to cooperate with the Contractor in furnishing apprentices as requested and they shall be properly supervised and paid in accordance with provisions contained within the wages and benefits of this Agreement. Apprentices shall be employed to perform work in all craft areas in accordance with the D.C. Apprenticeship Council Rules and Regulations Apprenticeship Numerical Ratio of no more than one (1) apprentice to every three (3) journeypersons employed throughout the duration of the Project. Section 3. Contractors will employ only bona fide City residents as new apprentices (100% of all new apprentices shall be bona fide City residents). For purposes of meeting this goal, a "new apprentice" is defined as a bona fide City resident who is indentured on or after the date the Contractor executes a Letter of Acceptance agreeing to be bound by this Agreement. A Contractor failing to meet this goal or demonstrate "good faith" efforts to do so may be referred to the Task Force for assistance in meeting this goal or other appropriate action. If a majority of the Task Force can make no resolution, the issue may then be referred to binding arbitration by the Task Force as provided for in Article VII, above, for an appropriate resolution that may include monetary sanctions. In no event shall sanctions exceed 5% of the direct labor costs of the Contractor's construction contract for the Project. The arbitrator may only impose monetary sanctions if it is shown that the Contractor failed to make good faith efforts to comply with the hiring requirement. For the purpose of resolution of any dispute arising under this Section, the City shall be considered a party-in-interest with full rights of participation in the arbitration proceeding. Section 4. The Parties recognize that, under applicable law, 50% of all apprenticeship hours performed pursuant to apprenticeship programs related to the construction of the Project shall be performed by bona fide City residents. Any Contractor that fails to employ bona fide City residents to perform 50% of the Contractor's apprenticeship hours will be subject to monetary sanctions of 5% of direct and indirect cost of the contract, imposed on the Contractor by the City's Contracting Officer for failure to make a good faith effort to comply with this requirement.

¹³ **DC Stadium PLA Article XI:** Section 1. Contractors shall pay the required wages and benefits set forth in each Union's collective bargaining agreement (see Appendix B), and any increases that may be negotiated with respect to those agreements in the future. All Contractors agree to be bound by all terms and conditions of the applicable fringe benefit trust agreements and the fringe benefit contribution procedures applicable to all contributing employers.

¹⁴ Diana Furthott-Roth: [Comparing Union-Sponsored and Private Pension Plans: How Safe Are Workers' Retirements?](#)

¹⁵ A study of public-sector PLAs concludes, "While assuring that projects are performed union, they provide little, if any, savings to the [public] owner. In addition, they provide little, if any, competitiveness to the union contractor and may be disruptive to other owners and contractors involved in the local construction market." It concluded that, "restraints imposed by government-directed PLAs are political decisions which have little or no economic rationale, nor can they be defended on grounds of labor peace, enhanced safety, or other such reasonable criteria." (Dr. Herbert R. Northrup, Journal of Labor Research, Winter 1998).

¹⁶ [ABC Statistical Statements on the Impact of Union-Only PLAs](#), (Public posting of purported research produced by Associated Building and Contractors)

¹⁷ Bachman, Paul and David G. Tuerck. "Project Labor Agreements and Public Construction Costs in New York State." Beacon Hill Institute at Suffolk University, 2006.

¹⁸ Opencontracting.com [website](#)

¹⁹ Ibid.

²⁰ Herbert R. Northrup, GOVERNMENT-MANDATED PROJECT LABOR AGREEMENTS IN CONSTRUCTION: A FORCE TO OBTAIN UNION MONOPOLY ON GOVERNMENT-FINANCED PROJECTS, The Wharton School (1/11/200) as cited by U.S. Rep. Darrell E. Issa's September 23, 2009 comments regarding FAR Case 2009-005: Use of Project Labor Agreements for Federal Construction Projects

²¹ Ernst & Young LLP. "Erie County Courthouse Construction Projects Project Labor Agreement Evaluation." 2001.

²² [Union-Only Hiring Scheme Undermines Iowa's Right to Work Law](#), Reed Larson (National Right To Work Committee, 2/6/2002)

²³ Northrup.

²⁴ C. Culver, *Construction Fatalities: Comparison of Nonunion and Union Contractors* (Rosslyn, Va.: National Center for Construction Education and Research, 1995), Table 2 gives comparison of union and nonunion contractor fatalities for the years 1985-1993. In every year, the union fatality rate is three to six percentage points higher than the nonunion rate