



*Phoenix Construction Services*

CA State License # 688023



August 3, 1998

Committee on Small Business  
U.S. House of Representatives  
2361 Rayburn House Office Building  
Washington, DC 20515-6315

Attention: Chairman, Jim Talent (MO)

Dear Mr. Chairman,

I would first like to thank you for the opportunity to bring before you some of my personal experiences in contracting and of the negative effects brought on by the use of Project Labor Agreements, otherwise known as PLA's.

PLA's serve only to diminish the freedom of choice in our working environment. As it stands, should a contractor by its freedom of choice, choose to become union, and agree to be bound by a union agreement, then they have been given their opportunity of choice. Should an employee, by their freedom of choice, choose to become a union member then they have elected that choice, based on their freedom to do so.

PLA's are collective bargaining agreements negotiated between the owner and the labor unions. PLA's are not reflective of the contractors right to choose; they are the total lack of choice all together. Because the owner and labor union are the negotiating parties, the contractor becomes bound by an agreement that will supersede theirs, should the contractor already be union. In the case of an open shop contractor, their choice not to be bound by a union agreement has been taken away.

When a project is locked into a PLA, the hardships it creates are sometimes hard to recover from. My company, Phoenix Construction Services, is a general engineering company. The type of projects Phoenix is involved in are mainly that of railroad construction & maintenance and major landscaping & irrigation. Because Phoenix is a small construction company we generally work in the capacity of a subcontractor.

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Phoenix, by choice has elected to remain an open shop contractor. In order to bid on any projects that are under a PLA, we would be required to enter into a Project Agreement with each union trade that feels we are doing work under their trade. A *Project Agreement* is negotiated between the union and the subcontractor and would be inclusive of the PLA for that project only. Example being, on a landscaping project, Phoenix was forced to sign with the Laborers Union to provide workers as well as the Operators Union to operate the equipment.

When bidding the above mention project Phoenix knew what their work force was capable of, and bid accordingly. My estimators and management know the capabilities of each of my employees, and have the opportunity, when not under a Project Agreement, of utilizing those who are multi-trade. Our work force has worked together and knows what they are responsible for. Unfortunately because I was forced to use union laborers, I was unable to use all of my own employees. The laborers union allowed me to keep only three of my own work force, all of whom had to become union members, a cost Phoenix bore because it was not the choice of the employee to become a union member. Because each union trade is specialized I was also forced to sign a Project Agreement with the Operators Union to operate the equipment. Again I was only allowed to use some of my own work force and they also had to become union members, again, an added cost to Phoenix.

Because of the union's involvement, Phoenix did not have complete control of the project, but bares all the liability. Every morning we did not know if the same employees would be sent out to the project or if anyone would show up at all. The only ones we could count on were our own. Many of the workers sent out to our project were not qualified to perform the skilled work required of our irrigation people, although we were assured they would be. This ended up costing us time and money. All projects have the threat of liquidated damages should you not complete your project on time. Each time someone did not show up or the person sent out did not have the required skills we lost time. So each hour lost, is money lost.

As I stated, many in our work force are multi-trade. Unfortunately again I was unable to utilize this benefit due to the union's involvement. Laborers are only allowed to perform labor that fits within their trade. So to perform the portion of my project that required the use of equipment I had to pull people from the Operators Union. Again not knowing their skills or how much work they would perform in a day, the job of keeping a handle on my cost for fear of cost overruns and threat of running out of time was always greater. And again all the liability was on Phoenix not the union.

Because Phoenix is a small business, every person must perform 100%. Our employees enjoy the opportunity to use their abilities in a more productive way. This is not possible with the use of the union. If on the project at any given time the operator is not needed, they are unable to get off their equipment to help the laborers. And the laborers, although qualified to operate the equipment, are not allowed to do so. So the use of additional manpower is required, without the benefit of utilizing it more effectively, as well as the greater cost of lost man-hours.

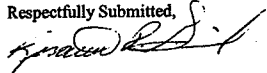
The loss that a company never recovers from is the loss of good employees. Small businesses can not afford to always have multiple projects in which to move employees to. Because of the PLA and the requirement of the unions allowing the use of only a small percentage of regular employees, the employer is forced to layoff its regular work force, and run the risk of losing them altogether. Having a strong work force that interacts and performs well together takes time to build. Small businesses do not have the time to continue to rebuild and restructure our companies. Their employees build the vital part of a company's reputation. Phoenix takes pride in each of our employees and works hard to build a strong foundation in which each is a part of.

For the employees who worked the project and were forced to become union members a choice must now be made. They must either, 1) quit Phoenix and stay with the union in order to qualify for the benefits paid on their behalf, or 2) withdraw from the union and lose the monies paid. Project Agreements are on projects that usually never last for more than a few months, not enough time for the employee to benefit from the monies taken from their paychecks.

Of great concern for many subcontractors is the ability to secure Project Agreement. Many unions will only agree to allow a subcontractor to have, at the most, three Project Agreements. Should they want to secure work on any other union project they will then have to sign and be bound by the master agreement. For Phoenix, the Laborers and Operators Union has told me that I will not be given another Project Agreement. Phoenix is not the only company facing this dilemma. Eventually all subcontractors who refuse to sign the masters agreement will be eliminated from the opportunities to participate at all.

Our country was built on our freedom of choice. To force us to be bound by a PLA will take away our right to choose. (For the open shop contractor, who chose not to be bound by a union agreement, as well as the union contractor who chose to negotiate their own agreement, only to be bound by one they had no choice in.). PLA's will serve only to reduce the opportunities of many and eventually eliminate all but a selective few. I urge you to strongly oppose the use of PLA's in federal contracting.

Respectfully Submitted,



Rosario Ramirez Girard  
President  
California State Legislative Chair, Women Construction Owners and Executives, USA

Per XI, clause 2(g) (4), of the Rules of the House of Representatives

Phoenix Construction Services served as a subcontractor to the following contracts. The exact amount of federal funds per contract is unknown to me. I only know that funds came from various entities.

Contract # 4565  
North County Transit Authority  
1998  
\$281,897.57  
State funds  
Local funds  
Federal funds

MS073  
Southern California Regional Rail Authority  
1995 until 1999  
\$4,061,552.53 to date  
State funds  
Local funds  
Federal funds

MS102  
Southern California Regional Rail Authority  
1996 until 1999  
\$478,931.41  
State funds  
Local funds  
Federal funds

Terminal Way Realignment  
Port of Los Angeles  
1996  
\$393,031.42  
State funds  
Federal funds

Terminal Island Container Transfer Facility  
Port of Los Angeles  
1997  
\$356,613.00  
State funds  
Federal funds

11-196194  
Caltrans  
1997-1998  
\$162,708.00  
State funds  
Local funds  
Federal funds

11-051506  
Caltrans  
1997-1998  
\$35,297.60  
State funds  
Local funds  
Federal funds

11-0106664  
Caltrans  
1997-1998  
\$192,053.00  
State funds  
Local funds  
Federal funds