

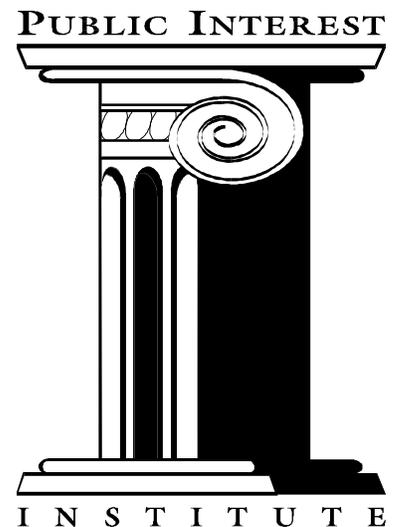
March 2006

**The Project Labor
Agreement for the
Iowa Events
Center:
An Unnecessary
Burden on the
Workers,
Businesses, and
Taxpayers of Iowa**

by
Public Interest Institute Staff
Mt. Pleasant, IA

POLICY
STUDY

No. 06-3



POLICY STUDY

March 2006

No. 06-3

Public Interest Institute

Dr. Don Racheter,

President

POLICY STUDIES are published as needed. They are longer, analytical articles on important public issues.

POLICY STUDIES are published by Public Interest Institute at Iowa Wesleyan College, a nonpartisan, nonprofit, research and educational institute whose activities are supported by contributions from private individuals, corporations, companies, and foundations. The Institute does **not** accept government grants.

Contributions are tax-deductible under sections 501(c)(3) and 170 of the Internal Revenue Code.

Permission to reprint or copy in whole or part is granted, provided a version of this credit line is used: "Reprinted by permission from POLICY STUDY, a publication of Public Interest Institute."

The views expressed in this publication are those of the authors and not necessarily those of Public Interest Institute.

If you have an article you believe is worth sharing, please send it to us. All or a portion of your article may be used. This publication is brought to you in the interest of a better-informed citizenry, because IDEAS DO MATTER.

We invite you to:

CALL us at 319-385-3462

FAX to 319-385-3799

E-MAIL to public.interest.institute@limitedgovernment.org

VISIT our Website at

www.limitedgovernment.org

WRITE us at our address on the back cover

Copyright 2006

The Project Labor Agreement for the Iowa Events Center: An Unnecessary Burden on the Workers, Businesses, and Taxpayers of Iowa

Contents

Executive Summary	3
Introduction	4
Federal & State Labor Law	5
Project Labor Agreements	6
An Alternative to a PLA	9
On Schedule?	9
On Budget?	11
Safely?	15
Other Construction Projects	16
Conclusion	18
Endnotes	19
Appendix 1. Bid Information for Iowa Events Center	22
Appendix 2. Proposed Budget vs. Budget Amounts	23

Executive Summary:

The Iowa Events Center project was conceived by the Polk County Board of Supervisors to help revitalize the downtown Des Moines area. The Polk County Convention Complex and Veterans Memorial Auditorium, both managed by the County, were deemed to be outdated and insufficient to attract the kinds of events that would improve the quality of life of Polk County residents. The Supervisors decided to build a new arena and a new convention facility while renovating the already-existing auditorium. These four venues — Wells Fargo Arena, Hy-Vee Hall, Veterans Memorial Auditorium, and the Polk County Convention Complex — would collectively become the Iowa Events Center in downtown Des Moines.

The Polk County Board of Supervisors and the Central Iowa Building and Construction Trade Council entered into a Project Labor Agreement for the construction of the Iowa Events Center. The justification for the Project Labor Agreement (PLA) was that it was necessary to keep the project on time, keep it on budget, and complete it in a safe manner.

How successful was the Project Labor Agreement in achieving these goals? This study will demonstrate that the PLA for the Iowa Events Center construction project failed on all three counts. Despite the implementation of a Project Labor Agreement, the Iowa Events Center project went over its projected budget, was not completed on time, and raised concerns about safety issues.

The use of a PLA on this construction project placed an unnecessary burden on the workers who were frozen out of the opportunity to work, businesses that were not allowed to compete, and the taxpayers who were forced to pay even more for the Iowa Events Center construction because of the cost overruns of the project. The Project Labor Agreement for the Iowa Events Center project was an unnecessary burden on the workers, businesses, and taxpayers of Iowa.

Executive Summary

“Despite the implementation of a Project Labor Agreement, the Iowa Events Center project went over its projected budget, was not completed on time, and raised concerns about safety issues.”

The Project Labor Agreement for the Iowa Events Center:

“The Polk County Board of Supervisors chose to implement a Project Labor Agreement to apply to the construction of the Iowa Events Center project.”

Introduction

The Iowa Events Center project was conceived by the Polk County Board of Supervisors to help revitalize the downtown Des Moines area. The Polk County Convention Complex and Veterans Memorial Auditorium, both managed by the County, were deemed to be outdated and insufficient to attract the kinds of events that would improve the quality of life of Polk County residents. The Supervisors decided to build a new arena and a new convention facility while renovating the already-existing auditorium. These four venues — Wells Fargo Arena, a 17,000 seat arena to be used for sports and entertainment events; Hy-Vee Hall, providing exhibit halls and meeting facilities; Veterans Memorial Auditorium; and the Polk County Convention Complex — would collectively become the Iowa Events Center in downtown Des Moines.

Polk County and the City of Des Moines envisioned a project that would restore economic vitality and have a positive economic impact on downtown Des Moines, which included the newly-constructed Wells Fargo Arena and Hy-Vee Hall.

“Economic Research Associates, a Chicago company, said sporting events could bring \$3.5 million in the arena’s first year. By the facility’s second year, the venue should be generating \$4.1 million from sporting events, helping the complex become self-sufficient.”¹

Funding for the Iowa Events Center project was secured from several sources. The Vision Iowa Board approved a \$50 million grant for the Iowa Events Center, as well as an additional \$5 million grant for the Iowa Hall of Pride located in Hy-Vee Hall within the Iowa Events Center.² The Polk County Board of Supervisors directed the sale of \$158.9 million in Essential County Purpose General Obligation Bonds for the construction of the Iowa Events Center.³ These bonds will be repaid with revenue from Prairie Meadows Racetrack and Casino, which is owned by Polk County. The City of Des Moines provided a \$3 million payment to Polk County for the “realignment of Third Street and skywalk construction for the new Iowa Events Center.”⁴

In addition, two of the venues of the Iowa Events Center — Wells Fargo Arena and Hy-Vee Hall — were named through a sponsorship agreement with the Polk County Board of Supervisors. Wells Fargo agreed to pay the County \$11.5 million over 20 years beginning on February 1, 2005, for naming rights to the arena. Hy-Vee, Inc.’s agreement with Polk County indicates Hy-Vee will pay \$8.025 million over 20 years for the naming rights for the exhibit hall.⁵

The Polk County Board of Supervisors chose to implement a Project Labor Agreement⁶ (PLA) to apply to the construction of the Iowa Events Center project in

downtown Des Moines. The justification for the PLA was that it was necessary to keep the project on time, keep it on budget, and complete it in a safe manner. How successful was the PLA in achieving these goals? This study will demonstrate that the PLA for the Iowa Events Center construction project **failed on all three counts**. The use of a PLA on this construction project placed an unnecessary burden on the workers and construction companies that were shut out of the project because of the PLA, and the taxpayers of Iowa as the ultimate victims of this failure.

Federal & State Labor Law

In 1935 Congress adopted the National Labor Relations Act⁷, also known as the Wagner Act, named for Senator Wagner who spearheaded the effort to pass this law. The Wagner Act protects the rights of private-sector workers, allowing them to engage in collective bargaining and to take part in strikes if their demands are not met by employers. The National Labor Relations Board⁸ was created by the Wagner Act to investigate and determine if employers were committing unfair labor practices, such as firing employees for union activities. The Act also established a secret-ballot procedure for employees to decide whether to be represented by a union.

By 1947, the public no longer viewed labor unions as the

underdog, and Congress adopted the Taft-Hartley Act to amend the National Labor Relations Act. Congress imposed restrictions on unions in order to even out the balance of power between unions and employers, which many believed had swung too far in the direction of the unions under the Wagner Act. President Truman vetoed the Taft-Hartley Act, but the veto was overridden by Congress. The Act prohibits closed shops, requires unions to give notice before beginning a strike, allows the President to intervene in strikes in certain cases, and gives employers the right to sue unions for damages in certain cases. The Taft-Hartley Act also authorizes individual states to adopt Right- to-Work laws.

The state of Iowa adopted a Right-to-Work law in 1947, protecting employees from being compelled to join a union as a condition of employment and from being punished or fired for choosing to join a union. Iowa Code Section 731.1 states, "It is declared to be the policy of the state of Iowa that no person within its boundaries shall be deprived of the right to work at the person's chosen occupation for any employer because of membership in, affiliation with, withdrawal or expulsion from, or refusal to join, any labor union, organization, or association, and any contract which contravenes this policy is illegal and void."⁹ This law gives an employee the right to work whether the

An Unnecessary Burden on the Workers, Businesses, and Taxpayers of Iowa

"This study will demonstrate that the PLA for the Iowa Events Center construction project failed on all three counts."

The Project Labor Agreement for the Iowa Events Center:

“PLAs can and are being used to circumvent Right-to-Work laws by effectively requiring non-union construction companies to become ‘unionized’ in order to bid on and participate in a construction project governed by a Project Labor Agreement.”

employee decides to join a union or declines to do so.

Project Labor Agreements

Project Labor Agreements (PLAs) have been in existence for several decades, but have become more popular lately, particularly on government-funded construction projects. In a recent study, the Beacon Hill Institute in Boston describes PLAs as:

agreements between construction clients (such as towns) and labor unions, which establish the rules to be followed by firms that bid on construction projects. PLAs typically require that all workers be hired through union halls, that non-union workers pay dues for the length of the project, and that union rules on pensions, work conditions, and dispute resolution be followed.¹⁰

While proponents of PLAs, mainly unions and their supporters, claim these agreements are necessary to prevent disruptions on construction work projects, opponents believe that PLAs can and are being used to circumvent Right-to-Work laws by effectively requiring non-union construction companies to become “unionized” in order to bid on and participate in a construction project governed by a Project Labor Agreement.

Here in Iowa, the Polk County Board of Supervisors approved a Project Labor Agreement with the Central Iowa Building and Construction Trade Council for the construction of the Iowa Events Center in downtown Des Moines by a four-to-one vote on January 8, 2002. Supervisors Jack Bishop (D), Nathan Brooks (D), Angela Connolly (D), and Gene Phillips (D) voted in favor of the Resolution approving a Project Labor Agreement for the Iowa Events Center Project; Supervisor Robert Brownell (R) voted against the Resolution.¹¹ The members of the Polk County Board of Supervisors voting in favor of the Project Labor Agreement stated that a PLA was necessary to complete the Iowa Events Center project on time, on budget, and safely. Due to the fact that events must be scheduled well in advance in this type of venue, completing the project by the specified opening date was of the utmost importance to the success of the Center.

The purpose of the Project Labor Agreement was to have a constant and stable workforce to maintain the set schedule without interference in order to schedule future events. “Unions agree not to engage in any strike, slowdown or interruption of work . . . and the Contractors agree not to engage in any lockout.”¹² Eliminating the potential for strikes or work stoppages was deemed necessary to keep the project on schedule. However, citing the need for a PLA to prevent strikes seems dubious, as the

Supervisors could have prevented the potential for strikes by hiring merit shop construction workers — from construction companies who hire workers without regard to union membership. Instead, the Supervisors shut those companies out of the bidding process through the use of a PLA.

The PLA established requirements for the contractors on the project. Contractors had to recognize “the Union as the sole and exclusive bargaining representative of all craft employees,”¹³ and “hire employees for covered work through the job referral systems offered by each signatory Local” union.¹⁴

Contractors who were not parties to the current collective bargaining agreement were allowed to employ their “core” employees on the project. However, those employees had to apply to the local union for project work. Such non-union contractors were also limited in the number of their “core” employees they could employ for this project. With a crew size of up to 14, a non-union contractor could employ 50% “core” employees; however, the union first referred a union employee, then a non-union employee, and repeated this process until all employees were hired. The percentage of “core” non-union employees allowed per contractor on the project was reduced as the total crew size grew larger — for a total crew of 100, the non-union contractor

was only allowed to use 14% of his own “core” employees, and the rest had to be employees referred by the union.¹⁵ In other words, with a crew of 100, a non-union contractor would only be allowed to hire 14 of his own non-union employees for the job. PLA proponents claim that PLAs do not discriminate against non-union workers.¹⁶ However, if a non-union contractor is only allowed to hire up to 14 non-union employees, the remaining members of the non-union contractor’s regular work force would surely feel discriminated against because the PLA would prohibit the remaining employees from being hired.

Additionally, compensation rates for workers on the project were included in the PLA. The minimum wage and benefit packages for 21 specific crafts were negotiated by the Central Iowa Building and Construction Trade Council. Hours of work and restrictions on overtime were part of the PLA. Contractors were subject to the terms of the Iowa Events Center Owner Controlled Insurance Project Safety and Health Management Plan and had to pay for drug screening of all employees.¹⁷

A non-union company would have to agree to hire mostly union workers and follow union rules for the duration of the project in order to bid on the Iowa Events Center project. The burden this would cause to those companies prevented them from bidding on the project. Because the non-

An Unnecessary Burden on the Workers, Businesses, and Taxpayers of Iowa

“The remaining members of the non-union contractor’s regular work force would surely feel discriminated against because the PLA would prohibit the remaining employees from being hired.”

The Project Labor Agreement for the Iowa Events Center:

“A majority of the union contractors in the Des Moines area did not want to bid on the Iowa Events Center project because they would have had to operate under a labor agreement that they did not negotiate.”

union companies were prevented from bidding on the Iowa Events Center project due to the PLA, the number of bids was lower than it otherwise would have been, thus increasing costs.

Jeff Werthmann of Weitz/Turner, the construction manager on the Iowa Events Center project, expressed his concern that the use of a PLA resulted in a lack of bidders, and thus a lack of competition, which was driving up the cost of the project. “‘There’s probably five or six general contractors here in Des Moines that could do the sidewalk job,’ Jeff Werthmann told Polk County supervisors. ‘None of them bid the job because of the project labor agreement.’”¹⁸

Many union contractors also chose not to bid on the Iowa Events Center project because of the use of a PLA. Marshall Linn, a general contractor from Des Moines and then-President of the Des Moines Construction Council appeared before the Polk County Board of Supervisors in November 2001 to speak in opposition to the use of a Project Labor Agreement. Mr. Linn indicated that a majority of the union contractors in the Des Moines area did not want to bid on the Iowa Events Center project because they would have had to operate under a labor agreement that they did not negotiate. If a union contractor were to work on this project as well as other projects, part of the contractor’s work force would be subject to one labor agreement,

while part of the work force would be subject to another agreement with different terms, rules, wages, and benefits.¹⁹

The use of a Project Labor Agreement prevented non-union contractors from bidding on the Iowa Events Center project due to the onerous requirements created by the PLA. Using a PLA also discouraged many union contractors in the state from bidding on the Iowa Events Center project. The Qwest Center in Omaha is a similar project to the Iowa Events Center, but one that did not use a Project Labor Agreement. In soliciting bids for the Qwest Center Omaha, the construction manager received an average of 3.9 bids per bid package. In contrast, the Iowa Events Center, using a PLA, received an average of 2.8 bids per bid package.²⁰ Less competition generally leads to higher prices, increasing the burden on the taxpayers paying for the Iowa Events Center. Supporters of PLAs agree that using a PLA can drive up the cost of construction. The Iowa Policy Project (IPP) writes “‘To the extent that anti-PLA contractors boycott PLA projects, costs may be higher on the project than they would have been had they not boycotted the project.’”²¹ IPP, of course, claims that this is because of the boycott, not the PLA. However, the contractors wouldn’t boycott the project if it weren’t for the use of a PLA.

An Alternative to a PLA

The Polk County Board of Supervisors claimed they needed a Project Labor Agreement to ensure the Iowa Events Center project would be completed on time, on budget, and safely. However, if the true goal is to keep a project on time and on budget, a system of bonuses and penalties would be a more effective alternative to a PLA.

In 1994 the Northridge earthquake hit the Los Angeles area, destroying the overpass bridges on portions of Interstate 10, the “most heavily trafficked freeway in the world.”²² Then-Governor Pete Wilson was advised that it would require 26 months to repair these bridges and completely reopen the Interstate. The economic costs of the transportation delay and dislocation was estimated to be \$600,000 per day. Not willing to accept this blow to the economy of his state, Governor Wilson proposed a plan to use incentives to accelerate the performance of the contractors hired to do the work on the Interstate.

Contractors bidding on the Interstate repair work were required to submit not only a cost, but a date of completion for the project. For each day the work extended past that date, the contractor would pay a penalty of \$200,000. If the work was completed ahead of schedule, the contractor would receive a bonus of \$200,000 for each day the project was completed early. The

winning bidder on the Interstate project, C.C. Myers, Inc., completed the project in 66 days — considerably less than the nearly 800 days originally estimated to be necessary to complete the repairs. In fact, the contractor earned more from the bonus than from the work on the project. “Penalties and incentives can be highly effective,” said U.S. Secretary of Transportation Norman Mineta.²³

Rather than using a system of penalties and incentives to keep the Iowa Events Center construction project on track, the Polk County Board of Supervisors used a Project Labor Agreement. Was the PLA for the Iowa Events Center a success? Was the project completed on schedule, on budget, and safely?

On Schedule?

An August 30, 2000 Letter of Authorization approved by the Polk County Board of Supervisors authorized Weitz/Turner to provide pre-construction management services. On July 31, 2001 the Polk County Board of Supervisors voted 3-1 on a Resolution approving a final agreement with Weitz/Turner to serve as Construction Manager on the Iowa Events Center project.²⁴ In the *2001 Auditor’s Report for the Fiscal Year Ended June 30, 2001*, Polk County indicated contracts had been issued for design services, construction management

An Unnecessary Burden on the Workers, Businesses, and Taxpayers of Iowa

“Rather than using a system of penalties and incentives to keep the Iowa Events Center construction project on track, the Polk County Board of Supervisors used a Project Labor Agreement.”

The Project Labor Agreement for the Iowa Events Center:

“The ‘official opening’ of Hy-Vee Hall was finally held on December 15, 2004, 105 days later than promised.”

services, insurance services, and utility site work.²⁵

The filing of two lawsuits delayed the Iowa Events Center project. The first lawsuit was filed in August 2001 challenging the authority of the Polk County Board of Supervisors to authorize the issuance of the Essential County Purpose General Obligation Bonds without holding a public referendum.²⁶ The decision by Polk County to use a Project Labor Agreement on the project prompted the second lawsuit, filed in January 2002, asserting that Polk County was in violation of Iowa’s Right to Work laws by signing a PLA for use on a project that receives public money.²⁷ In both lawsuits, the Iowa Supreme Court found in favor of Polk County.

A community celebration was held on December 18, 2002, to launch construction on the Iowa Events Center. A Polk County news release regarding that event indicates that site preparation was underway, with construction work to begin in January 2003.²⁸ Polk County leaders presented a project update at the November 12, 2003 Vision Iowa Board meeting, indicating Hy-Vee Hall was projected to open September 1, 2004 and the Wells Fargo Arena was scheduled to open on June 1, 2005.²⁹

On March 17, 2004, structural steel work on the project was stopped because one of the county’s contractors, Havens Steel, of Kansas City, Missouri,

was unable to pay its workers.³⁰ Havens Steel had a \$15.5 million contract with Polk County to provide structural steel for Hy-Vee Hall and the pre-cast seat decks for the Wells Fargo Arena.³¹ A U.S. bankruptcy judge approved an agreement to allow steel work to continue on the Iowa Events Center project, and Havens Steel workers returned to the job on March 31, 2004, after a two-week delay.³²

One of the strongest arguments made by Polk County in favor of the PLA was that the Center construction needed to stay on schedule so that events could be booked at the venue, many of which required months, if not years, of advance scheduling. The first event scheduled to be held at Hy-Vee Hall was the Autumn Festival Arts and Crafts Show on the weekend of October 23, 2004. **Despite the inaugural event being scheduled nearly two months after the projected opening date of the Hall, construction work was not complete.** Officials halted construction for the weekend and opened the Hall temporarily in order to hold the long-planned festival. Project manager Mark Stevens attributed the delay to numerous problems, including delays in receiving construction materials and rainy weather during the previous two summers.³³

The “official opening” of Hy-Vee Hall was finally held on December 15, 2004, **105 days later than promised.**³⁴ However, work on

Hy-Vee Hall, as well as the renovations to Veterans Memorial Auditorium, was not completed until February 2005.³⁵

A ribbon cutting and public open house were held at the Wells Fargo Arena on Tuesday, July 12, 2005. This official opening of the Wells Fargo Arena was **40 days after its scheduled completion date.**³⁶

On Budget?

The 2000 [Polk County] *Auditor's Report for the Fiscal Year Ended June 30, 2000* stated that the Iowa Events Center "is estimated to cost up to \$200 million."³⁷ The 2001 [Polk County] *Auditor's Report for the Fiscal Year Ended June 30, 2001* estimated the cost of the Iowa Events Center project to be \$208 million.³⁸ The 2002 *Auditor's Report for the Fiscal Year Ended June 30, 2002*, the 2003 *Auditor's Report for the Fiscal Year Ended June 30, 2003*, the 2004 *Auditor's Report for the Fiscal Year Ended June 30, 2004*, and the 2005 *Auditor's Report for the Fiscal Year Ended June 30, 2005* all indicate that the cost of the Iowa Events Center project is budgeted at \$217 million.³⁹

The Project Labor Agreement, which was signed on January 8, 2002, covers and applies to all the work described in 23 original bid packages, for a total projected cost of \$133,008,000. The PLA does not cover the work of non-manual employees,

employees of the construction manager and design team or any other consultant not performing manual labor, on- or off-site maintenance on the leased equipment and on- or off-site warranty functions, employees of the Owner and Engineer, and service-type employees.⁴⁰

Bidding for the Iowa Events Center construction project was broken up into individual bid packages, covering different areas of the project. All but four of the bid packages for the PLA-covered portion of the Iowa Events Center project received three bids or less. Polk County received an average of 2.8 bids per bid package.⁴¹

Only one bid was received for four of the bid packages on the PLA-covered portion of the Iowa Events Center project. One of those bid packages was the General Work Site Package. The original amount budgeted for this package was \$1,939,000. The one bid received was nearly \$2,000,000 more than the budgeted amount. The construction manager believed that "re-bidding would not attract any new bidders nor result in lower bids."⁴² Weitz/Turner met with the bidder, and after the meeting, the bidder offered a reduction in their bid by \$492,470. The bid was reduced further by "shifting \$271,000 of site amenities and parking equipment from [the] base bid into add alternates, with the goal that these items could be purchased directly by Polk

An Unnecessary Burden on the Workers, Businesses, and Taxpayers of Iowa

"Polk County received an average of 2.8 bids per bid package. Only one bid was received for four of the bid packages on the Iowa Events Center project."

The Project Labor Agreement for the Iowa Events Center:

“The total amount of change orders is 7.5 percent of the initial budget for the PLA-covered portion of the project.”

County General Services at a lower amount.”⁴³

The decision to use a Project Labor Agreement for the Iowa Events Center construction led to a lawsuit being filed challenging that decision, which caused a delay in construction. As a result of this delay, the Polk County Supervisors approved two resolutions on December 17, 2002 to provide additional compensation to Weitz/Turner, the construction manager, and HOK Sport, the company providing architectural services on the project.

In the case of Weitz-Turner, the Board of Supervisors approved a Change Order providing up to \$994,698 in additional fees and reimbursement for construction management services.⁴⁴ In addition, the Supervisors had previously approved a Change Order on June 4, 2002, providing an additional \$944,430 to Weitz/Turner due to the delay caused by the lawsuit filed regarding the issuance of bonds by Polk County.⁴⁵

The second Resolution approved on December 17, 2002 in response to the delay provided increased compensation to HOK Sport for architectural services relating to the Iowa Events Center, including \$715,000 in additional compensation due to the delay caused by the PLA litigation.⁴⁶ In both Resolutions approved on December 17, 2002, the Supervisors indicated that these additional fees would

be offset by other cost reductions in the project.⁴⁷

On October 28, 2003 the Supervisors approved a change order in the amount of \$34,070 to the Demolition & Mass Excavation portion of the project. A memorandum to the Board of Supervisors regarding the change order indicates that construction activity was halted because of legal challenges, causing the site to sit idle, resulting in erosion and necessitating some minor site changes. The memorandum indicates there will be no impact on the overall project budget.⁴⁸

On many of the bid packages that made up the Iowa Events Center construction project, the Board of Supervisors and project managers were constantly adding items and subtracting other items to keep the project budget precariously balanced. Some change orders were approved that added to the overall budget of the project, such as the additional compensation for Weitz/Turner and HOK Sports. Other change orders were approved that reduced the cost of the project budget. Change Orders resulting in a total of nearly \$10 million in changes to the bid packages covered by the Project Labor Agreement were approved by the Polk County Board of Supervisors while construction was ongoing.⁴⁹ The total amount of change orders is 7.5 percent of the initial budget for the PLA-covered portion of the project. The Board of Supervisors allotted a four percent contingency, in addition to

the original contract amounts, on the bid packages to allow for possible change orders in the overall project budget.⁵⁰

However, the overall change order amounts were greater than the contingency funding budgeted for the project, requiring some “value engineering” changes in the project to cut its costs and keep the project from going over the \$217 million budgeted for the Iowa Events Center.

One of the cost reductions in the project was the decision to change the exterior of Wells Fargo Arena and Hy-Vee Hall from stone to brick veneer. The original design called for the exterior masonry to be limestone. However, after receiving bids for that portion of the project, Polk County and HOK Sport asked Weitz/Turner to determine the potential savings if the plan were revised from limestone to brick veneer. The net overall savings of making this change was determined to be \$1,793,433.⁵¹ The Polk County Board of Supervisors approved a Resolution on April 15, 2003 accepting the lowest bid for the exterior wall construction that used brick veneer rather than limestone.⁵²

Other change orders throughout the construction were also approved that reduced the cost of the project. On March 25, 2003, the Supervisors approved a change order that deducted \$274,559 from the contract amount on the Arena and Exhibit Hall Mechanical work package.

Items in this change order include a deduction of \$28,100 by waiving the permit fees with the City Building Inspection Department, a deduction of \$30,800 by changing the drinking fountain selection, including eliminating some of the drinking fountains that were originally planned for the Arena and Exhibit Hall, a deduction of \$66,200 by providing Concrete Grease Interceptors in lieu of factory fabricated steel, and a deduction of \$28,425 by eliminating the Infrared Ice Temperature Controls.⁵³

On July 22, 2003, the Board of Supervisors approved a change order deducting \$763,470 from the General Work Site package contract. Changes in the construction project in this change order include deleting the furnishing and installation of Grigliatta fence, deleting furnishing and installation of parking equipment, deleting the furnishing and installation of site railings, revising the paving unit price, revising the surveying quote, and revising the sidewalk quantity.⁵⁴

At the same time that changes were being made to reduce costs, other changes were adding items to the project that were not in the original bid packages. Add-alternates are essentially a construction project’s “wish list” of items to be completed should funds become available. From April to June 2003, the Polk County Board of Supervisors approved add-alternates to the project totaling \$2,796,928.⁵⁵

An Unnecessary Burden on the Workers, Businesses, and Taxpayers of Iowa

“The overall change order amounts were greater than the contingency funding budgeted for the project.”

The Project Labor Agreement for the Iowa Events Center:

“The volume of change orders adding items to the project brings into question whether the design of the Iowa Events Center project was adequate or complete before construction began.”

On July 1, 2003, the Supervisors approved additional add-alternates, including a lead-coated copper roof for Wells Fargo Arena, totaling an additional \$1,223,002.⁵⁶

The volume of change orders adding items to the project brings into question whether the design of the Iowa Events Center project was adequate or complete before construction began on the project. In a memorandum for a Polk County Board of Supervisors meeting at which the Supervisors were again asked to approve change orders for the project, Project Director Mark Stevens indicated “a large number of changes to construction contracts will be made as a result of the need to refine the coordination of plans, to add items previously left out, or to make other changes.”⁵⁷ One of the change orders approved at that meeting was in the amount of \$146,987 for a “variety of electrical component revisions” on the arena and exhibit hall, due to “revised specifications, add items left out, re-routing due to conflicts between mechanical/electric & structural design . . . as well as other reasons.”⁵⁸

Additional items added to the project as change orders, rather than being incorporated in the original bid packages for the project, include adding electric and computer connections to ticket booths in the far north lot, adding lightning protection to the roof of Veterans Auditorium as required by code, and providing

electrical wiring for elevator sump pumps.⁵⁹

Fire protection and prevention measures proved especially difficult in the Iowa Events Center project. While the Fire Marshall has final say over whether a contractor must make changes to be in compliance with fire codes, the companies involved in designing and building a structure should have a basic idea of what is necessary to comply. In 2004 and 2005, the Polk County Board of Supervisors approved at least 13 change orders dealing with additions to the project to comply with fire codes, from revising the fire alarm system to adding fire rated enclosures in numerous locations. The additional costs to do the work, which was required by fire codes but left out of the original bid package, was at least \$293,000.⁶⁰

Contractors had similar difficulties in complying with the Americans with Disabilities Act (ADA). County Supervisors approved at least eight change orders in 2005 making modifications in the construction work for ADA compliance, at an added cost of just over \$103,000.⁶¹

The electrical and mechanical bid packages seemed to be especially troublesome. The bids accepted for those bid packages were \$15.8 million and \$23.2 million, respectively.⁶² Both of those projects had change orders with a sum total of over \$2 million each.⁶³

After construction began in January 2003, the scheduled completion date for Hy-Vee Hall was September 1, 2004. The Wells Fargo Arena was set to open June 1, 2005. However, some contractors apparently were having difficulties keeping on schedule. As a result, from November 2004 through November 2005, the Polk County Board of Supervisors approved change orders granting a total of \$349,619 to various contractors for items such as “overtime & temp barricades for work required for Autumn Fest,” “overtime work,” and “accelerated costs for overtime.”⁶⁴ The Iowa Policy Project states in their report on PLAs that the “purpose [of a PLA] is to facilitate the smooth completion of the project.”⁶⁵ However, the amount of overtime pay needed to attempt to keep the Iowa Events Center on schedule (which failed, as the project was not completed on time) does not indicate a “smooth completion of the project.”

The final cost of the Iowa Events Center is still to be determined. Work on the Events Center was delayed in March 2004 by the financial troubles of one of the contractors, Havens Steel. Several subcontractors on the project were impacted by this delay and filed claims against Polk County to recoup the costs the subcontractors incurred due to the delay. These claims are still pending as of February 2006. While the final amount of the claims to be paid by Polk County

will only be determined when all of the claims are settled, it could reach \$9 million.⁶⁶ This would boost the Iowa Event Center project’s final cost to \$226 million, or \$26 million over Polk County’s cost estimate from Fiscal Year 2000 and up to \$9 million over the estimated cost at the time of the signing of the Project Labor Agreement. The burden of paying for these additional costs of the Iowa Events Center falls on the taxpayers of Des Moines, Polk County, and the state of Iowa.

In July 2005 the Iowa Events Center’s then-General Manager Andy Long estimated “the arena will generate more than \$1.1 million in profit in its first full year.”⁶⁷ However, “the Events Center’s three other components are expected to operate in the red, which means taxpayers will cover a \$977,280 shortfall” in Fiscal Year 2006.⁶⁸ Long, as well as two other top staffers, left the Iowa Events Center last December, “following sluggish attendance figures, lower-than-expected revenue, and an inability to attract major events since its opening in July.”⁶⁹

Safety?

The Iowa Events Center Polk County Owner Controlled Insurance Project Safety and Health Management Plan was adopted as part of the Project Labor Agreement. An Owner Controlled Insurance Program (OCIP) is a “single insurance program covering job site risks of

An Unnecessary Burden on the Workers, Businesses, and Taxpayers of Iowa

“This would boost the Iowa Event Center project’s final cost to \$226 million, or \$26 million over Polk County’s cost estimate from Fiscal Year 2000.”

The Project Labor Agreement for the Iowa Events Center:

“The Iowa Events Center is not the only PLA construction project to suffer from budget and scheduling problems.”

the owner, construction manager, general contractor, and subcontractors.”⁷⁰ Polk County self-insured the project, meaning that the County must pay for medical treatment, lost wages, repairs to damaged property, and safety equipment. The County did, however, obtain an insurance policy to “cover costs above \$250,000 for any single accident.”⁷¹

An advantage of an Owner Controlled Insurance Program can be a cost savings if insurance costs are reduced, in part by maintaining a safe worksite. In the case of the Iowa Events Center, \$4,035,000 was budgeted for the OCIP. However, as of December 31, 2005, Polk County has spent \$4,530,719.26 on the OCIP.⁷² Thus far, the cost overrun on the insurance program is just under \$500,000.

Polk County’s Risk Manager Mike Wieck expressed concerns about drug use by the construction workers on the Iowa Events Center project. Wieck indicated that “ten percent of workers hired by Events Center contractors through the union hall have tested positive for drugs.”⁷³

Unfortunately, the Iowa Events Center project suffered a fatality on September 19, 2004, when a construction worker passed away due to injuries sustained in an accident at the Wells Fargo Arena work site. The construction worker was an employee of National Riggers & Erectors.

The fatality occurred on a Sunday during the night shift. The Polk County Supervisors and local union officials claimed that the accident was not caused by a rush to complete the project by the June 1, 2005, scheduled opening for the Arena.⁷⁴ The family filed a lawsuit against Polk County, which has been settled through insurance coverage.

The Iowa Events Center Polk County Owner Controlled Insurance Project Safety and Health Management Plan requires “all accidents resulting in employee injury, property damage, or involving the public” to be reported to the Polk County Risk Manager as well as the Construction Manager.⁷⁵ In total, 232 accidents were reported as of March 3, 2006.⁷⁶ Reported accidents range from overspray paint found on vehicles parked near the site to worksite accidents resulting in various injuries such as crushed fingers, lacerations, and strained backs to the accident that resulted in a fatality.⁷⁷

Despite the implementation of a Project Labor Agreement, the Iowa Events Center project will likely go over its projected budget, was not completed on time, and raised concerns about safety issues.

Other Construction Projects

The Iowa Events Center is not the only PLA construction project to suffer from budget and scheduling problems. The 1996 San Francisco International Airport

renovation project was subject to a Project Labor Agreement. Only four bids were received for the job — all of which were over the projected budget. Scheduled to be completed in early 1999, the International Terminal finally opened in December 2000 after cost overruns of \$259 million.⁷⁸

Beacon Hill Institute collected data from 126 school construction projects in the greater Boston area between 1995 and 2003 to compare the outcomes of those projects that used a Project Labor Agreement to those that were constructed without a PLA. The Institute constructed a cost index that accounted for changes in construction wages and materials costs, expressing all construction costs in 2001 prices to equitably compare the costs of projects taking place several years apart. The Beacon Hill Institute study concluded that PLAs add to the cost of construction projects. The study found that “PLA projects add an estimated \$16.51 per square foot to the actual cost of construction (in 2001 prices).”⁷⁹ The PLA projects in the Beacon Hill study accounted for 3.175 million square feet of construction, resulting in the taxpayers of Massachusetts paying \$60 million more for these school construction projects than they would have if PLAs had not been in effect.⁸⁰

Qwest Center Omaha includes a convention center with a 194,000 square foot exhibition hall and a 17,000 seat arena, as well as

parking lots and a 3-story attached parking garage on the city’s riverfront in downtown Omaha. The City of Omaha did not use a Project Labor Agreement for the construction of the Qwest Center. The cost of the Qwest Center Construction project was \$291 million — which included the construction of the convention center and arena, as well as construction of the parking garage, the landscaping around the 422 acre site, and infrastructure such as street lights and parking lots. \$75 million of the \$291 million budget was donated by private individuals and organizations; the remaining funding was provided by the City of Omaha by issuing general obligation bonds. The issuance of the bonds, as well as the decision to hire Metropolitan Entertainment & Convention Authority (MECA) to manage the construction and operation of the Qwest Center, was approved by voters of the City of Omaha on May 9, 2000.⁸¹ In contrast, Polk County chose to issue bonds to pay for part of the construction of the Iowa Events Center without holding a public vote. The Qwest Center made a profit of \$1.1 million in its first ten months of operations, according to Christy Harris, Senior Vice President of Administration at Qwest Center Omaha.⁸²

Construction began on Qwest Center Omaha in March 2001, and was completed **on time** in September 2003.⁸³ One innovative aspect of the construction was the use of

An Unnecessary Burden on the Workers, Businesses, and Taxpayers of Iowa

*“In contrast,
Polk County chose to
issue bonds to pay
for part of the
construction of the
Iowa Events Center
without holding a
public vote.”*

The Project Labor Agreement for the Iowa Events Center:

“The cost per square foot of the newly-built portion of the Iowa Events Center is \$82 more than the cost per square foot of the newly-built portion of the Tyson Events Center in Sioux City.”

precast concrete panels and risers, which helped “the facility open quickly and stay on its construction budget.”⁸⁴ During the construction there were four subcontractor accidents that required emergency medical transport to a local hospital. There were no fatalities during the construction of the Qwest Center.⁸⁵

The cost of construction of the Qwest Center Omaha calculates to \$265 per square foot.⁸⁶ In comparison, the cost per square foot of the Iowa Events Center project is \$268.⁸⁷ However, the entire Qwest Center Omaha was newly-built, while a portion of the Iowa Events Center project was remodeling Veterans Auditorium. The cost per square foot of the Wells Fargo Arena and HyVee Hall, the newly-built portion of the Iowa Events Center is \$315, which is \$50 more per square foot than the construction cost of the Qwest Center.⁸⁸

A more direct comparison can be made by looking at the Tyson Events Center in Sioux City, Iowa. The Tyson Events Center is comprised of the newly-built Gateway Arena, and the historic Sioux City Municipal Auditorium, which was renovated as part of the construction project. This is similar to the Iowa Events Center, with the newly-built Wells Fargo Arena and HyVee Hall, as well as the newly-renovated Veterans Auditorium.

The Tyson Events Center was completed on time, with the arena

opening in December 2003 and the auditorium reopening in September 2004, as well as on budget. This project did not use a Project Labor Agreement.⁸⁹

The cost of the entire Tyson Events Center project is \$245 per square foot,⁹⁰ compared to \$268 per square foot for the Iowa Events Center. When comparing only the newly-built portions of each project, the Tyson Events Center’s cost is \$233 per square foot,⁹¹ compared to \$315 per square foot for the Iowa Events Center. The cost per square foot of the newly-built portion of the Iowa Events Center is \$82 more than the cost per square foot of the newly-built portion of the Tyson Events Center in Sioux City.

Conclusion

The Polk County Board of Supervisors and the Central Iowa Building and Construction Trade Council entered into a Project Labor Agreement for the construction of the Iowa Events Center in downtown Des Moines in order to keep the project on schedule and on budget, as well as to complete the project in a safe manner. One might think that completing a project on budget, on time, and safely would be the goal for each and every construction project, but apparently the Polk County Board of Supervisors felt these goals could not be accomplished on the Iowa Events Center project without a Project Labor Agreement. Having been granted

the PLA, was the Iowa Events Center completed on budget, on time, and safely? No. Instead, workers were frozen out of the opportunity to work, businesses were not allowed to compete, and the taxpayers were forced to pay even more for the Iowa Events Center construction because of the cost overruns of the project. The Project Labor Agreement for the Iowa Events Center project was an unnecessary burden on the workers, businesses, and taxpayers of Iowa.

Endnotes:

¹ Tim Higgins, "Study on arena finances kept under wraps," *Des Moines Register*, February 7, 2004, <<http://desmoinesregister.com/news/stories/c4780932/23473645.html>> (November 16, 2005).

² Iowa Events Center Financing Recap, Mark Stevens, Director, Polk County General Services, July 27, 2005.

³ "Board Approves Bonds; Final Step Secures Financing for Events Center," Polk County news release, December 10, 2002, <www.co.polk.ia.us:8080> (November 16, 2005).

⁴ Council Communication, City Manager's Office, City of Des Moines, Communication No. 04-371, Submitted by Richard Clark, Deputy City Manager, July 26, 2004.

⁵ "Wells Fargo Arena is Official," Polk County news release, May 18, 2004, <www.co.polk.ia.us:8080> (November 16, 2005).

⁶ The Project Labor Agreement is available on Public Interest Institute's website, www.limitedgovernment.org.

⁷ 29 U.S. Code Chapter 7, Labor-Management Relations, <<http://uscode.house.gov/download/pls/29C7.txt>>, (February 10, 2006).

⁸ The National Labor Relations Board website is www.nlr.gov.

⁹ Code of Iowa, Section 731.1.

¹⁰ Paul Bachman, Darlene C. Chisholm, Jonathan Haughton, and David G. Tuerck, "Project Labor Agreements and the Cost of School Construction in Massachusetts," Beacon Hill Institute Policy Study, September 2003, p. 1.

¹¹ Proceedings of the Polk County Board of Supervisors, Des Moines, Iowa, January 8, 2002.

¹² Iowa Events Center Project Labor Agreement with Central Iowa Building and Construction Trades Council, January 8, 2002, p. 1.

¹³ *Ibid*, p. 6.

¹⁴ *Ibid*.

¹⁵ *Ibid*, pp. 7-8.

¹⁶ Ralph Scharnau and Michael F. Sheehan, "Project Labor Agreements in Iowa: An Important Tool for Managing Complex Public Construction Projects," The Iowa Policy Project, October 2004, p. 6.

¹⁷ Iowa Events Center Project Labor Agreement with Central Iowa Building and Construction Trades Council, January 8, 2002, pp. 16-19.

¹⁸ Frank Vinluan, "Troubled center moves ahead," *Des Moines Register*, July 12, 2003, <<http://www.dmregister.com/news/stories/c4780932/21729484.html>> (February 15, 2006).

¹⁹ Telephone conversation with Marshall Linn, President & CEO of Neumann Brothers, Inc. on January 27, 2006.

²⁰ Bid information for Iowa Events Center taken from Resolutions and attached materials approved by the Polk County Board of Supervisors on various dates. Bid information for Qwest Center Omaha supplied by Roger Dixon, President/CEO of Qwest Center Omaha.

²¹ Scharnau and Sheehan, p. 6.

An Unnecessary Burden on the Workers, Businesses, and Taxpayers of Iowa

"Having been granted the Project Labor Agreement, was the Iowa Events Center completed on budget, on time, and safely? No."

- ²² Pete Wilson, "The Californian Way," *The Wall Street Journal*, September 13, 2005, p. A16.
- ²³ Norman Y. Mineta, "Rapid Highway Rebuilding Across Gulf States," *The Wall Street Journal*, September 19, 2005, p. A17.
- ²⁴ Polk County Board of Supervisors Resolution, #29, July 31, 2001.
- ²⁵ Michael A. Mauro, Polk County Auditor and Commissioner of Elections, 2001 *Auditor's Report For the Fiscal Year Ended June 30, 2001*, p. 61.
- ²⁶ Frank Bowers vs. Polk County Board of Supervisors & Polk County (05771 ACCL003727), August 22, 2001.
- ²⁷ Master Builders vs. Polk County, Iowa et. al. (05771 CVCV003916), January 22, 2002.
- ²⁸ "Community Celebration Launches Iowa Events Center Project," Polk County news release, December 19, 2002, <www.co.polk.ia.us:8080> (November 16, 2005).
- ²⁹ Vision Iowa Board Minutes, Holiday Inn (Airport), Des Moines, Iowa, Wednesday, November 12, 2003, <<http://www.iowalifechanging.com/document/liferschdoc.asp>> (November 16, 2005).
- ³⁰ Tim Higgins, "Events Center work set to resume," *Des Moines Register*, March 26, 2004, <<http://desmoinesregister.com/news/stories/c4780932/23903514.html>> (November 16, 2005).
- ³¹ "Judge Allows Havens Steel Work to Continue at Events Center," Polk County news release, March 25, 2004, <www.co.polk.ia.us:8080> (November 16, 2005).
- ³² "Havens Steel Expected Back to Work Tomorrow at Events Center," Polk County news release, March 30, 2004, <www.co.polk.ia.us:8080> (November 16, 2005).
- ³³ Tim Higgins, "New hall not done; festival to go on," *Des Moines Register*, October 8, 2004, <<http://www.dmregister.com/apps/pbcs.dll/article?AID=/20041008/NEWS05/410080366/1001/NEWS>> (November 16, 2005).
- ³⁴ "New hall, new possibilities," Register Editorial Board, *Des Moines Register*, December 17, 2004, <<http://159.54.226.13/apps/pbcs.dll/article?AID=/20041217/OPINION03/412170369>> (November 16, 2005).
- ³⁵ Donnelle Eller, "As Events Center comes on line, report warns of space glut," *Des Moines Register*, February 11, 2005, <<http://www.dmregister.com/apps/pbcs.dll/article?AID=/20050211/BUSINESS04/502110428>> (November 16, 2005).
- ³⁶ "Wells Fargo Arena Open House Photos," <www.absoluteds.com/wells_fargo_open_house_photos_feature.htm> (November 16, 2005).
- ³⁷ Michael A. Mauro, Polk County Auditor and Commissioner of Elections, 2000 *Auditor's Report For the Fiscal Year Ended June 30, 2000*, p. 6.
- ³⁸ Michael A. Mauro, Polk County Auditor and Commissioner of Elections, 2001 *Auditor's Report For the Fiscal Year Ended June 30, 2001*, p. 60.
- ³⁹ Michael A. Mauro, Polk County Auditor and Commissioner of Elections, 2002 *Auditor's Report For the Fiscal Year Ended June 30, 2002*, p. 64; Michael A. Mauro, Polk County Auditor and Commissioner of Elections, 2003 *Auditor's Report For the Fiscal Year Ended June 30, 2003*, p. 65; Michael A. Mauro, Polk County Auditor and Commissioner of Elections, 2004 *Auditor's Report For the Fiscal Year Ended June 30, 2004*, p. 66; and Michael A. Mauro, Polk County Auditor and Commissioner of Elections, 2005 *Auditor's Report For the Fiscal Year Ended June 30, 2005*, p. 66.
- ⁴⁰ Iowa Events Center Project Labor Agreement with Central Iowa Building and Construction Trades Council, January 8, 2002, p. 3.
- ⁴¹ Bid information taken from Resolutions and attached materials approved by the Polk County Board of Supervisors on various dates.
- ⁴² Letter from Jeff Wagner of Weitz/Turner to Mark Stevens of Polk County, dated July 9, 2003.
- ⁴³ *Ibid.*
- ⁴⁴ Polk County Board of Supervisors Resolution, #26, December 17, 2002.
- ⁴⁵ Change Order No. 1 to the Agreement for Construction Manager Services for the Iowa Events Center, signed on June 4, 2002; and a letter from Jeff Werthman of Weitz/Turner to Mark Stevens of Polk County Manager's Office regarding Change Order Request No. 1, dated May 14, 2002.
- ⁴⁶ Polk County Board of Supervisors Resolution, #27, December 17, 2002.
- ⁴⁷ Polk County Board of Supervisors Resolution, #26 and #27, December 17, 2002.
- ⁴⁸ Polk County Board of Supervisors Tuesday Agenda Memorandum, October 28, 2003.
- ⁴⁹ Change order information taken from Resolutions and attached materials approved by the Polk County Board of Supervisors on various dates.
- ⁵⁰ Contract and contingency fund information taken from Resolutions and attached materials approved by the Polk County Board of Supervisors on various dates.
- ⁵¹ Letter from Jeff Wagner of Weitz/Turner to Mark Stevens of Polk County, dated April 8, 2003.
- ⁵² Polk County Board of Supervisors Resolution, #7, April 15, 2003.

- ⁵³ Polk County Board of Supervisors Resolution, #31, March 25, 2003.
- ⁵⁴ Polk County Board of Supervisors Resolution, #5, July 22, 2003.
- ⁵⁵ Iowa Events Center Add-Alternate & Reserve List memorandum, dated June 23, 2003.
- ⁵⁶ Polk County Board of Supervisors Resolution, #31, July 1, 2003; and Iowa Events Center Add-Alternate & Reserve List memorandum, dated June 23, 2003.
- ⁵⁷ Polk County Board of Supervisors Tuesday Agenda Memorandum, November 25, 2003.
- ⁵⁸ *Change Orders Recommended for Approval* memorandum, dated November 25, 2003, attached to Polk County Board of Supervisors Resolution, #25, November 25, 2003.
- ⁵⁹ *Change Orders Recommended for Approval memorandum*, dated November 25, 2003, attached to Polk County Board of Supervisors Resolution, #25, November 25, 2003; and *Change Orders Recommended for Approval* memorandum, dated August 31, 2004, attached to Polk County Board of Supervisors Resolution, #20, August 31, 2004.
- ⁶⁰ Change order information taken from Resolutions and attached materials approved by the Polk County Board of Supervisors on various dates.
- ⁶¹ *Ibid.*
- ⁶² Polk County Board of Supervisors Resolution, March 18, 2003, and Budget/Bid Status memorandum, March 3, 2003.
- ⁶³ Change order information taken from Resolutions and attached materials approved by the Polk County Board of Supervisors on various dates.
- ⁶⁴ Change order information taken from Resolutions and attached materials approved by the Polk County Board of Supervisors on various dates from 2004 to 2005.
- ⁶⁵ Scharnau and Sheehan, p. 2.
- ⁶⁶ Kevin Dobbs, "Events center's cost may rise \$9 million," *Des Moines Register*, October 6, 2005, p. 1A.
- ⁶⁷ Kevin Dobbs, "We built it . . . will they come?" *Des Moines Register*, July 11, 2005, <<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20050711/NEWS08/507110338/1001/NEWS>> (November 16, 2005).
- ⁶⁸ *Ibid.*
- ⁶⁹ "Sluggish performance leads to Events Center shake-up," *Cedar Rapids Gazette*, December 10, 2005, p. 6B.
- ⁷⁰ Iowa Events Center Polk County Owner Controlled Insurance Project Safety and Health Management Plan, p. 4.
- ⁷¹ Bert Dalmer, "Events Center accidents cost Polk \$38,000," *Des Moines Register*, September 2, 2003, <<http://desmoinesregister.com/news/stories/c4780932/22143051.html>> (November 16, 2005).
- ⁷² Iowa Events Center Combined Expenses as of December 31, 2005, Polk County General Services Department.
- ⁷³ Dalmer.
- ⁷⁴ Tom Alex, "Longtime ironworker who died at Events Center had zest for job," *Des Moines Register*, September 21, 2004, <<http://www.dmregister.com/apps/pbcs.dll/article?AID=/20040921/NEWS04/409210380/1006>> (November 16, 2005); and "Construction Worker Fatality Reported at Iowa Events Center," Polk County news release, September 20, 2004, <www.co.polk.ia.us:8080> (November 16, 2005).
- ⁷⁵ Iowa Events Center Polk County Owner Controlled Insurance Project Safety and Health Management Plan, p. 3.
- ⁷⁶ Polk County Iowa Events Center Detail Loss Report, Polk County Risk Management, March 3, 2006.
- ⁷⁷ *Ibid.*
- ⁷⁸ Carl F. Horowitz, "Project Labor Agreements: Union Monopoly in Public Works Construction," study for National Institute for Labor Relations Research, April 2005, p. 47 and p. 75.
- ⁷⁹ Bachman, Chisholm, Haughton, and Tuerck, p. 11.
- ⁸⁰ *Ibid.*
- ⁸¹ Preceding information on Qwest Center was found at www.qwestcenteromaha.com.
- ⁸² "Precast Speeds Construction of Qwest Center Omaha," *Ascent Magazine*, Spring 2005, p. 28.
- ⁸³ Telephone conversation with Dana Dyksterhuis, Qwest Center Omaha Public Relations Manager, on November 3, 2005, and follow-up e-mail from Christy Harris, Senior Vice President of Administration, on November 9, 2005.
- ⁸⁴ *Ascent Magazine*.
- ⁸⁵ Dyksterhuis and Harris.
- ⁸⁶ *Ibid.* Square foot calculations made by Institute staff.
- ⁸⁷ Iowa Events Center budget information from Polk County General Services Department, December 31, 2005. Square footage information from Al Hayes of the Iowa Events Center, in an e-mail dated March 7, 2006. Calculations made by Institute staff.
- ⁸⁸ *Ibid.*
- ⁸⁹ Telephone conversation with Jim Towler, Project Coordinator, City of Sioux City, on February 22, 2006.
- ⁹⁰ *Ibid.* Square foot calculations made by Institute staff.
- ⁹¹ *Ibid.* Square foot calculations made by Institute staff.

Appendix 1. Bid Information for the PLA-Covered Portion of the Iowa Events Center Construction Project

Bid Description	Company Awarded Bid	Bids	Amount - in \$
Utilities Relocation	Correl Contracting, Inc.	2	3,995,575.00
Exhibit Hall Mass Excavation (2.1 & 2.2)	McAninch Corp.	2	5,594,300.00
Arena & Exhibit Hall Curtain wall, Storefront, and Louvers	Interclad, Inc.	3	3,375,000.00
Arena & Exhibit Hall Deep Foundations	Atlas Foundation Co. Rogers MN	3	1,759,000.00
Arena Foundation and Structural Steel	Colasanti Corporation	3	15,500,000.00
Exhibit Hall Concrete	JE Dunn	3	7,559,000.00
Arena & Exhibit Hall Mechanical	Waldinger Corporation	3	23,200,000.00
Arena and Exhibit Hall and Escalators	Kone Inc.	1	1,399,000.00
Arena & Exhibit Hall Structural Steel	Havens Steel	7	15,497,000.00
Arena & Exhibit Hall Stairs and Railings (9H)	Drake-Williams Steel	2	3,040,000.00
Arena Roofing	Roberts Roofing	6	1,980,000.00
Arena & Exhibit Hall Electric	Baker Electric, Inc.	4	15,796,953.00
Arena Interior Finishes (#9-C)	Kennedy and Co.	1	3,595,000.00
Arena & Exhibit Hall Flooring	Poindexter Flooring	2	774,000.00
Arena General Work Package	Schroeder/Leverington, Inc.	3	6,197,000.00
Arena & Exhibit Hall Exterior Masonry	Forrest and Associates, Inc.	3	3,342,982.00
Exhibit Hall Roofing	Roberts Roofing	1	1,980,000.00
Arena & Exhibit Hall Metal Panels and Canopies	Architectural Wall Systems	2	3,430,711.00
Exhibit Hall Interior Masonry	Diaz Construction, Inc.	3	816,000.00
Exhibit Hall General Work Package	Schroeder/Leverington, Inc.	3	3,390,000.00
Arena & Exhibit Hall Exterior Cladding System	Architectural Wall Systems	3	8,513,986.00
Arena Interior Masonry	Seedorf Masonry, Inc.	3	2,765,858.00
Exhibit Hall Interior Finish	Olympic Wall Systems	3	3,028,500.00
PCC Pavement-New Third St. Paving	Correl Contractor, Inc.	4	1,016,556.70
General Work Cite Package	Correl Contractor, Inc.	1	3,925,500.00
	TOTALS	71	141,471,921.70

Source: Bid information taken from Resolutions and attached materials approved by the Polk County Board of Supervisors on various dates.

Appendix 2. Proposed Budget vs. Budget Amounts (as of December 31, 2005) for the PLA-Covered Portion of the Iowa Events Center Construction Project

Account Description	Initial Amount Budgeted in PLA	Account Description	Budget as of 12/31/05
Mechanical	16,346,000.00	Mechanical	25,982,289.00
Electrical	18,235,000.00	Electrical	18,321,327.00
3rd St. Utilities	4,085,000.00	3rd St. Utilities	4,125,685.00
Demo/Mass Excavation	5,214,000.00	Demo/Mass Excavation	5,962,221.00
Elevators and Escalators	1,967,000.00	Elevators and Escalators	1,713,058.00
Ex. Hall Roofing	2,220,000.00	Ex. Hall Roofing	1,967,382.00
Ex. Hal Interior	6,531,000.00	Ex. Hall Interior & Masonry	4,621,695.00
Ex. Hall Concrete	6,172,000.00	Ex. Hall Concrete	7,918,548.00
Arena Roofing	3,176,000.00	Arena Roofing	2,639,495.00
Arena & Ex. Hall Curtain Wall	7,043,000.00	Arena & Ex. Hall Curtain Wall	3,837,059.00
Arena Decorative Panels	3,365,000.00	Arena Exterior Masonry	3,692,241.00
Vets Interior Renovation	3,364,000.00	Vets Interior Renovation	70,618.00
Ex. Hall and Arena Structural Roofing	15,043,000.00	Structural Steel and Precast	16,361,331.00
Ex. Hall Exterior Precast/Louvers	2,070,000.00	Metal Panels	3,526,851.00
3rd Street Paving Landscaping	4,540,000.00	Polk County Work	1,947,682.00
Arena Concrete Structure & Foundations	12,850,000.00	Foundations	17,738,476.00
Arena Interior Buildout	20,787,000.00	Arena Interior Buildout	4,117,239.00
		Arena Flooring	833,154.00
		Arena Stairs and Railings	3,337,598.00
		Arena Interior Masonry	3,026,207.00
		Arena General Work	6,752,718.00
		Ex. Hall General Work	4,339,590.00
		General Sitework	3,954,768.00
TOTAL - in \$	133,008,000.00		146,787,232.00

Source: Iowa Events Center Project Labor Agreement with Central Iowa Building and Construction Trades Council, January 8, 2002, p. 2; and Iowa Event Center Combined Expenses as of December 31, 2001, from Polk County General Services Department.

**Public Interest Institute
at Iowa Wesleyan College
600 North Jackson Street
Mt. Pleasant, IA 52641-1328**

NONPROFIT ORGANIZATION
U.S. POSTAGE PAID
MAILED FROM ZIP CODE 52761
PERMIT NO. 338

This policy study is brought to you in the interest of a better informed citizenry, because IDEAS DO MATTER.
You can write Public Interest Institute at:

Public Interest Institute
600 North Jackson Street
Mt. Pleasant, IA 52641-1328