April 8, 2019

INDUSTRY NEWS

The Fix was in as Airport Authority Passes PLA on Terminal 1 Replacement

Brad Barnum, Executive Vice President

From legislative pressure to a well-choreographed public hearing, San Diego labor and business leaders succeeded in convincing the San Diego County Airport Authority to put a Project Labor Agreement (PLA) on its $3 billion Airport Development Plan (ADP). Much to the surprise of AGC, and the 50+ non-union contractors and construction workers in attendance, the 5-3 vote for a PLA reveals a continued disconnect between voters' wishes and politicians' actions. Let's run through what happened last Thursday morning (CLICK HERE FOR WEBCAST OF MEETING):

8:30 A.M. - Doors opened into the Airport Authority Board Room in the old Commuter Terminal Building at Lindbergh Field. Over 100 contractors and construction workers, union and non-union, rapidly filled the room, along with elected officials, non-construction related professionals, public relations professionals, and lobbyists. All seats were occupied, and many were left standing in the back.

9:00 A.M. - Airport Vice-Chair Paul Robinson began meeting (Chair April Boling is out of town). Following a staff report, which outlined the reasons for a PLA, a "third party independent expert" was called forward to give an "objective" analysis of PLA. That consultant was Charles Black, formerly with JMI Realty, who personally helped negotiate PLAs for Petco Park, Ballpark Village Project, Convention Center Phase III Expansion, the development at Brownfield, and the Chula Vista Bayfront. You would have never guessed that his
arguments for a PLA clearly outnumbered his arguments against a PLA! It was not an objective analysis...

9:35 A.M. - Following the consultant's presentation, the proponents and opponents of PLA's each had seven minutes to present their arguments. As expected, the presentations were done by the San Diego Building Trades Council and AGC. There were no fireworks, as each side stayed on their scripts.

9:50 A.M. - Over 40 public speakers were then given two minutes each for their comments, and it was clear that AGC, ABC, and the Coalition for Fair Employment in Construction led the way in getting more workers and contractors to speak about the detrimental impacts of a PLA. However, this is where a carefully crafted script by the proponents of PLAs took over.

Of course, labor brought in their workers, and the Airport's own lobbyist, behind the scenes, made sure that there were contractors there in support of PLAs. It was obvious the Airport Authority staff did its best to stack the deck with speakers: San Diego City Council Member Chris Ward; a representative from Assemblymember Todd Gloria; San Diego County Water Authority Chairman Jim Madaffer, and former Chairman Tom Wornham; and representatives from a number of business organizations (of course they said they weren't representing those organizations).

It's interesting to note that there was one no-show for the proponents for fair and open competition...the San Diego Regional Chamber of Commerce. Just one month ago, a Chamber executive mightily opposed PLAs during a panel discussion with the Building Trades at the SANDAG Board Retreat. AGC had reached out for their support, but they declined, stating some conflicts within their Board of Directors. With Southwest Airlines, and the CEO of the Airport Authority, and its lobbyist on their Board, we can see why they didn't show.

Looking around the room, there were other tell-tale signs that the outcome was pre-determined. There were a number of political consultants, lobbyists, public relations representatives in attendance, and one political pro tweeted each blow by blow. There has never been this much interest from outside stakeholders in any other past public agency discussions on PLAs. Something just wasn't right with this picture.

11:15 AM - Time for Board discussion and potential vote. Board Member Jim Desmond’s comment about the importance of open competition in a public airport that is open to everyone were spot on. He made a motion to oppose the PLA, but it was quickly substituted with a motion to support the PLA.

Board Members went back and forth on some of the issues. Mark Kersey, who supported the PLA, made an amendment to address employee health and welfare provisions during the negotiations of the PLA to make sure workers get the benefits they are owed. The
amendment was agreed to, and the motion to support the PLA was approved by a vote of 5-3.

The final votes - Yes (5): Greg Cox, Mark Kersey, Paul Robinson, Johanna Schiavoni, Mark West; No (3): Jim Desmond, Bob Lloyd, Michael Schumacher. Two votes of interest should be identified - Paul Robinson is a member of the business-minded Lincoln Club, and Mark Kersey is a long-time Republican, who has opposed PLAs in the past. Again, something wasn't right.

There was no doubt there was legislative pressure to approve the PLA, and no doubt, there were other forces at work behind the scenes. That is unfortunate. Our leaders in Sacramento and at the Airport Authority don't seem to remember that voters overwhelmingly supported Fair and Open Competition in the County of San Diego, and the cities of San Diego and Chula Vista. Voters don't want PLAs!

What this has come down to is politics, and a recent quote in a Voice of San Diego article says it all: "But as Democrats have won more elections countywide, the politics around (PLAs) are clearly changing. Ten years ago, the Airport Authority felt comfortable refusing to ink one for a major capital project (Terminal 2). This time around, it didn't bother with a fight."

What a difference a decade makes!

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Common Lies to Sell the Project Labor Agreement
Snake Oil

Eddie Sprecco, CEO

Following the tentative approval of a Project Labor Agreement (PLA) at the San Diego Airport Authority for the Terminal 1 Project, it makes sense to reset the conversation on PLAs. A lot of elected officials, and the press, seem to think PLAs are now common and therefore a simple choice among discerning and well-meaning local boards.

What PLAs are in reality; a gift of public funds to labor unions, who turn around and use those funds to elect more politicians favorable to PLAs and labor unions - all at a 10-20% project cost increase. I described the Building Trades motivation for a PLA to the Airport Authority with a single slide:
This corrupt bargain is disguised with a thin veneer of bogus policy considerations and conjured legislative "findings" to justify the obvious graft. The Building Trades PLA Snake Oil sales pitch goes something like this "Project Labor Agreements are used on large complex projects to ensure a steady supply of skilled labor, good wages and benefits for workers, while guaranteeing your project be finished on-time and on-budget, safely and by a local workforce - without discriminating against non-union contractors or workers".

Yeah, that's quite a bit of garbage to unpack, but let's start from the top:

**PLAs needed for Complex Projects**

Terminal 2 was complex - with no PLA, it was finished on time, on budget, and was a huge success. PLAs are about capturing work hours, dues, and fringes for the unions. At San Diego Unified, the PLA (called a PSA) starts at $1 million project value. There are not a lot of complex $1 million projects. PLAs have been enforced down to a drinking fountain replacement - not very complex...

**Labor Peace and Supply of Skilled Workforce**

A PLA is sold by the unions as a way to prevent work stoppages, even though the only ones creating work stoppages, are...the unions! There have been recent union strikes on PLA projects, meaning the protection against a fictional problem, is also fictional. PLA proponents also pitch guaranteeing a supply of skilled labor, which is laughable - PLAs significantly restrict an already tight labor pool.
Wages and Benefits

The promise of better wages and benefits through a PLA is strange, given that Prevailing Wage sets the rates paid on Public Works in California. The one thing a PLA does in this area - force non-union workers to pay thousands of dollars into fringe funds that the union will keep at the end of the job. Those aren't very good benefits for the worker!

On Time, On Budget and Safe

Unions like to claim their workers are better trained and, therefore, your work will get done with fewer mistakes, and fewer accidents, adding up to some mythical cost savings. But what makes a construction worker a union worker? Paying dues. Not sure how writing a check makes you more qualified to fill an opening - these aren't college admissions, after all..

Local Workforce

In the case of San Diego Unified, local worker participation has gone DOWN, not UP, following their PLA. This is due to shutting out much of the local sub-contracting community which is 85% non-union.

Non-Union Contractors and Workers Welcome

... to sign up with the union. Yes, the state law on PLAs does have some nice language about non-discrimination including based on union status. However, once you have the job, you have to become union based on the terms of the PLA.

Which brings us to the biggest contradiction of them all; if non-union workers can work on PLA projects, then the benefits of a PLA promised by the Building Trades - "superior union labor" - go out the window. No cost savings, safety improvements, yadda yadda...

Bonus Lie for Airport Authority PLA Pitch - not Spending Public Funds?

The Building Trades lobbyist stated, and Supervisor Cox apparently agreed, that the funds paying for Terminal 1 are private funds paid for by the Airlines, so we should do what they want - even if it costs more! "After all, its not public money!" I guess that means the Airport Authority doesn't have to pay Prevailing Wage? Or follow Public Contracting Code?

What else does this apply to? Hoteliers dictating the terms of the Convention Center Expansion since they are the ones collecting the
Occupancy Fees? Gas station owners having a say on transportation planning since they are collecting the Greenhouse Gas taxes? In reality, the Passenger Facility Charges paying for airport expansion are FAA regulated with lots of strings attached precisely BECAUSE they are.... public funds.

These are the facts. This is not a difference of opinion between well meaning individuals. If you see someone spooning out or swallowing whole the Project Labor Agreement Snake Oil, they are on the take, or under threat. They are certainly not acting as good stewards of your money.

April is National Volunteer Month

Volunteers Requested for AGC’s Repair Day at Ronald McDonald House - Saturday, April 27

The AGC's Build & Serve Charitable Alliance is calling for volunteers to help with some minor repairs at Ronald McDonald House (RMH) on Saturday, April 27.

Ronald McDonald House is in need of repairs in many of its rooms occupied by families experiencing a medical crisis for their critically ill or injured child. RMH provides the comfort of home during a child's medical treatments.

AGC wants to help... so join us for two hours for an "AGC REPAIR DAY!"
Round up your co-workers, friends, and family (17 and older) for a couple of hours of volunteer work on Saturday, April 27 to help with some caulking, painting, sealing grout, spackling, etc. It's a great opportunity to meet like-minded individuals who enjoy giving back to the community.

**Logistics:**

RMH House Operations will put together a list of repairs for each room. Volunteers can sign up for a 2-hour time slot. For each time slot, RMH staff will group volunteers together into teams of four or five, and each team will have a designated captain. The team captain would be responsible for overseeing that work is completed. Tools and materials will be provided, however if you are able to donate any items on the list (see sign-up form), RMH would be very appreciative.

**We need about 20 volunteers per time slot.**
9:00 a.m. - 11:00 a.m.
11:00 a.m. - 1:00 p.m.

**LET's GIVE A HAND WHILE GIVING BACK!**

**SIGN UP**

The Build & Serve Committee provides a venue for AGC members to "give back" to the community. The committee selects charitable projects, organizations, and programs throughout San Diego County that provide AGC and its members an opportunity to help build or serve those in need.

Any questions, please contact Marcy Knopman (858) 731-8162.

**EVENTS**

**AGC/EGCC Golf Classic - SOLD OUT - Sponsorships still Available**

A waiting list has now been started! CLICK HERE for the wait list registration form and tournament details.

**Sponsorships still available**, including the opportunity to set-up as
an ON-COURSE EXHIBITOR. (Exhibitors can bring their own non-alcoholic beverages, snacks, prizes and giveaways.) Sign up now to become a sponsor! CLICK HERE for Sponsor Form with more information on contest sponsors, beverage sponsors, etc.

If you have any questions regarding the tournament, please contact Rae Krushensky at raek@agcsd.org

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**CLASSES**

**April Classes**

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<td>Const. Estimating Basics</td>
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<td>Apr. 9</td>
<td>Const. Law: Project Management Mistakes</td>
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<td>Apr. 9</td>
<td>Intermediate Microsoft Excel (Offsite)</td>
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<td>Apr. 9-11</td>
<td>Qualified SWPPP Developer</td>
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<td>Apr. 9-10</td>
<td>Qualified SWPPP Practitioner</td>
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<td>Intermediate Microsoft Excel (Offsite)</td>
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<td>Apr. 10-11</td>
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<td>Advanced Microsoft Powerpoint (Offsite)</td>
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<td>Apr. 24</td>
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<td>Apr. 29-30</td>
<td>Lean Construction</td>
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<td>Microsoft Project Workshop</td>
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May Classes

May 1  Project Engineers Boot Camp
May 2  Construction Law: Resolving Const. Disputes
May 2  Fall Protection 8-Hour CPT
May 2  Beginning Microsoft PowerPoint 2016 (Offsite)
May 6  Advanced Microsoft PowerPoint 2016 (Offsite)
May 6  Beginning Microsoft Excel 2016 (Offsite)
May 6-10 EM 385-1-1 40 Hour with OSHA 30 Hour
May 7  Stormwater Monthly Breakfast Forum
May 8-9  CQM
May 15  Intermediate Microsoft Excel 2016 (Offsite)
May 15  Prevailing Wage: Certified Payroll
May 15  Respiratory Protection Training
May 15  Traffic Control Technician (TCT)
May 16  Construction Law: Construction Litigation 101
May 20-21 OSHA 10-Hour for Construction
May 21  Construction BMP Training
May 21  Primavera P6 Workshop
May 23  Advanced Microsoft Excel 2016 (Offsite)
May 29  CPR, First Aid & AED Training
May 29  The Effective Project Engineer

For more information on classes, contact: Becca Schaffer at (858) 731-8155.

January - June 2019  Register Online

COMMITTEE MEETINGS

Meetings are held at the AGC office (6212 Ferris Square, San Diego, CA 92121) unless otherwise noted in red.

April Meetings

Apr. 16  1:00 p.m.  Water Authority Meeting
Apr. 16  12:00 p.m.  Meetings & Events
Apr. 17  10:00 a.m.  Government Relations
Apr. 18  11:30 a.m.  Specialty Contractors’ Council
Apr. 26  12:00 p.m.  Technology Committee
Apr. 30  1:00 p.m.  City of San Diego

May Meetings
AGC San Diego Chapter's Monday Morning Quarterback is a "hot off the press" and to the point Monday morning briefing on the important issues facing San Diego’s construction industry. It is prepared by AGC Chief Executive Officer, Eddie Sprecco, and Executive Vice President, Brad Barnum.

Please contact Eddie Sprecco or Brad Barnum with your comments, or with information that should be conveyed to the industry through this service. Well over 3,000 individuals employed by AGC member firms are part of this system.