

Chula Vista Citizens for Jobs And Fair Competition

Yes on Prop G: The Fair and Open Competition Ordinance

Construction Trades Seize Greenmail Advantage with Vengeance

By George Hawkins

There is a lot of money involved in public construction, enough that it is tempting to tilt the table to obtain a bidding edge.

In the past, some unscrupulous elected officials gave the work to relatives or friends. In response, the public began to demand competitive bidding and states enacted low responsible bidder statutes. There does seem to be a way around every solution, though, and human nature being what it is, some are always looking for an advantage.

"Greenmail," the idea of threatening to interfere with the permit process to get favorable contract terms, is an example of an advantage the construction trades have seized upon with a vengeance. In California, unions are capitalizing on the California Environmental Quality Act as they attempt to recover a construction market they've been losing for years.

Chula Vista officials, who have been working to turn the city's bay front from an underutilized industrial area comprised of mud flats into an attractive destination for tourists and local residents, learned about greenmail the hard way. Gaylord Entertainment offered to build a billion dollar destination resort in the area. To do so it needed approvals from a myriad of agencies as well as financial support from the city.

Big labor wanted all the work for itself so it used greenmail. Union officials reportedly demanded a project stabilization agreement, or PSA, that favors union contractors. As part of the deal, they also may have demanded an additional dollar for every construction hour worked. To get the PSA and other considerations, the unions apparently threatened to contest every permit, environmental impact report and approval needed. Some call this extortion. Gaylord abandoned the project.

Unions make grandiose claims in pushing these competition-battering PSAs. None holds up.

Take safety, for example. Proponents say union agreements mean a safer job. They don't. There were two construction worker deaths on the huge Mall of America project in Minnesota. All the contractors on that job were union, the men who died were union and their employers were union contractors.

At about the same time a similarly sized merit shop job with both union and non-union firms was just ending in International Falls, Minnesota. The only serious injuries on that project came when bus-loads of people from Chicago and Detroit descended on the site to protest the use of non-union personnel.

Some years ago in San Francisco union-trained crane operators recruited from Seattle dropped a crane. That accident killed five people.

The unions and these special agreements do not have a corner on safety.

Supporters boast that PSAs will ensure the use of local workers. It doesn't work out that way. Early this year the San Diego Unified School District asked for bids on a major project. The low bid came from a Los Angeles firm and the bid was over budget.

Only about 15 percent of the construction workforce belongs to a union. To get sufficient workers on larger projects, unions will have to import union members from Las Vegas, Los Angeles and elsewhere and run them through hiring halls in order to "hire them locally."

Proponents also claim PSAs establish better pay and benefits. It isn't PSAs that do that. California's prevailing wage, which applies to most publicly funded work, sets union scale as the wage everyone will pay whether there is a PSA or not.

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Construction industry unemployment is almost 25 percent. Because of that it is probable that for a time some area non-union contractors will agree to a PSA. The local employees they bring to the job will have to pay union dues or fees, accept the union health plan and the union retirement plan, wait weeks for health coverage to begin and stay union until they retire if they want the retirement money. They will get less take-home pay than if the wages and benefits were dictated solely by the state mandated wage law.

Any income is welcome when you are out of work, but in better times, and they are coming, PSAs will reduce competition and the use of local workers.

In June, Chula Vista voters will have a chance to amend the city's charter and prevent the requirement of a PSA. Proposition G, the fair and open competition amendment, will allow everyone a reasonable opportunity to work on city funded construction and prevent the use of extortive Greenmail to gain special advantage.