



SHEET METAL AND AIR CONDITIONING CONTRACTORS' NATIONAL ASSOCIATION

June 10, 2011

The Honorable Representative
U.S. House of Representatives
Washington, DC 20515

Dear Representative:

The Sheet Metal and Air Conditioning Contractors' National Association (SMACNA), is supported by more than 5,000 construction firms engaged in industrial, commercial, residential, architectural and specialty sheet metal construction throughout the United States. On behalf of SMACNA, I want to express our support for the appropriate use of construction project labor agreements (PLA's) on public construction. ***Therefore we strongly support the LaTourette Amendment to HR 2055 expected on the House floor the week of June 13th. We ask that you SPEAK IN SUPPORT OF AND VOTE FOR Rep. Steve LaTourette's amendment to STRIP the language prohibiting the use of Project Labor Agreements (PLAs) in the Military Construction Appropriations bill - HR 2055.***

In both the private and the public sector, PLAs are considered to be a useful construction management tool for on-time, on-budget quality construction. Public sector PLAs are designed to obtain the best possible work at the lowest possible price. While union-only agreements are permitted in the private sector, bid awards in the public sector cannot be based on union or nonunion status. In addition, according to the NLRA, job referral procedures cannot lawfully favor union members or discriminate against equally qualified non-members. Simply put, Federal PLA's are determined by an open bidding process for all contractors and workers contrary to the myth some have advanced in the form of the Committee's anti PLA amendment - added without a recorded vote to HR 2055.

SMACNA's position supports the option of considering and utilizing PLA's where deemed in the best economic interest of the project owner on behalf of the taxpayer on public work. Therefore we stand in opposition to any legislation **banning** the use of project labor agreements on federal construction. Further, we have joined other organizations in supporting President Obama for signing the Executive Order encouraging executive agencies to require the consideration of the use of Project Labor Agreements (PLA's) on all federal-funded construction projects. The Administration's action reversed past hostility toward PLA-managed projects and is a great source of optimism to our leadership and the thousands of contractors we represent.

From decades of real life experience on projects where PLA's have been used, our firms know that project agreements are a voluntary, legal and most often highly efficient means of meeting construction quality standards, owner deadlines and unique project demands. **Most PLA's are found on large private projects because they work for the bottom line. On corporate PLA's budget and scheduling decisions are most highly scrutinized and still PLA's are favored again and again.** SMACNA believes that utilizing project agreements on federal construction when and where appropriate expands the proprietary responsibility the President is charged with under the Federal Property and Administrative Services Act and offers the likely result of decreased costs, higher quality and expedited project completions. **Smart construction management calls for the federal government, like the private sector, to have the option to consider and establish project agreements where necessary and appropriate.** While banning the use of PLA's on large federal



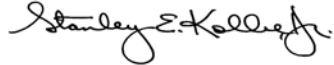
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projects in the last Administration may have found favor in some ideological circles, unfortunately it did not serve sound construction management in all cases. Economics, not ideology, should drive PLA decisions.

Support the LaTourette Amendment to HR 2055 - strip the misguided ban of PLA's from the Mil-Con Appropriations bill.

Sincerely,

A handwritten signature in black ink that reads "Stanley E. Kolbe, Jr." with a stylized, cursive script.

Stanley E. Kolbe, Jr. – Director, Governmental Affairs



www.qualityconstructionalliance.org

Prevailing Wage Laws

Quality Construction Alliance Position:

QCA supports prevailing wage provisions in current law and in innovative financing options being enacted by the Congress. QCA opposes repeal of the Davis-Bacon Act, in whole or part. Congress should act now to fund urgently needed infrastructure improvements and school construction while enforcing prevailing labor and benefit standards with uncompromised training program requirements. This is the quality effort the taxpayer expects. The improvement of the country's infrastructure and schools demand the highest quality and safest work product. To ensure best value, high quality construction, job-site safety, and to ensure a skilled workforce for the future through apprenticeship and training programs, Davis-Bacon prevailing wages should be applied with strict enforcement to all projects using federal dollars.

Issue:

The Davis-Bacon Act requires that the local prevailing wage rate be paid to various classes of laborers and mechanics working under federally financed or federally assisted contracts for construction, alteration, and repair of public buildings or public works.

In the current session of Congress a number of concerted attempts to repeal or undermine the Davis-Bacon Act have been unsuccessful, failing to generate any majority support. Efforts to include prevailing wage in projects using innovative financing were successful in the stimulus package passed in the 111th Congress. Prevailing wage laws should support all federal construction project funding to support local economic standards.

- Davis-Bacon is as valid today as it was when it was enacted more than 75 years ago. It still protects local economies and the interest of the government in job quality, cost-effective construction and safety.
- Objective studies show that the Davis-Bacon Act and its implementation at the state level protect builders, workers, and local economies alike, while maintaining competitive prices, job quality, and job-site safety—all of which suffer where Davis-Bacon requirements are removed. Projects in areas without Davis-Bacon frequently cost more per square foot than in areas with prevailing wage protections.
- Davis-Bacon's detractors suggest that coverage for so-called "innovative" financing is expansion of the Act. In fact, Davis-Bacon coverage has been applied to a variety of federal programs that provide financial assistance other than, or in addition to, the traditional method of financing construction with direct federal grants.
- Given the extended downturn in the construction industry, needed infrastructure authorizations should be expedited including full Davis-Bacon coverage. Every billion dollars in infrastructure funding that the government puts into the economy creates 47,000 jobs.
- Highly technical mechanical and HVAC systems required for infrastructure repair and new technology systems require highly skilled labor for installation. Application of the Davis-Bacon Act facilitates the bona fide apprenticeship programs that produce these skilled workers.
- Dr. Peter Phillips of the University of Utah found that when Kansas and other states he examined repealed their state prevailing wage laws, there were no significant savings in school construction costs. For example, in Kansas following repeal apprenticeship training fell 38 percent, employer contributions to pension and health funds decline 17 percent and worker injuries rose 19 percent



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