
Committee Meeting

of

SENATE LABOR COMMITTEE

SENATE BILL No. 653

*(Permits project labor agreements in
public works projects for work not related to buildings)*

LOCATION: Committee Room 1
State House Annex
Trenton, New Jersey

DATE: January 26, 2004
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Stephen M. Sweeney, Chair
Senator Glenn D. Cunningham, Vice-Chair
Senator Joseph Coniglio
Senator Walter J. Kavanaugh



ALSO PRESENT:

Dana A. Fraytak
*Office of Legislative Services
Committee Aide*

A.J. Sabath
*Senate Majority
Committee Aide*

Laurine Purola
*Senate Republican
Committee Aide*

***Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
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(The Senate Labor Committee held a meeting regarding Senate Bill No. 653 on January 26, 2004, at 10:00 a.m. The recorded portion of that meeting follows.)

SENATOR STEPHEN M. SWEENEY (Chair): Excuse me, we're going to get started. Please, if everyone could be patient.

I guess I draw big crowds wherever I go.

I'd like to welcome everybody here today to our first Labor hearing. And we're going to have people taking testimony about what their visions and goals are for the year.

It's a thrill for me to be the Chairman of the Labor Committee.

I want to welcome my colleagues -- the new Senator Glenn Cunningham; returning Senator Joe Coniglio; and a new Senator to the Labor Committee, Senator Walter Kavanaugh.

So what I'd like to do is start with the bill.

The roll call please. Take a roll call, first.

MS. FRAYTAK (Committee Aide): Senator Littell. (no response)
Not here yet.

MS. FRAYTAK: Senator Kavanaugh.

SENATOR KAVANAUGH: Here.

MS. FRAYTAK: Senator Coniglio.

SENATOR CONIGLIO: Yes.

MS. FRAYTAK: Vice Chairman Cunningham.

SENATOR CUNNINGHAM: Here.

MS. FRAYTAK: And Chairman Sweeney.

SENATOR SWEENEY: Here.

What we're going to do is take testimony on Bill 653, first.

Would you please read it?

MS. FRAYTAK: This is Senate Bill 653, sponsored by Senator Sweeney. This bill, as amended, expands the scope of the types of public works projects which are subject to that law's authorization of project labor agreements.

Under the current law, project labor agreements are permitted only in cases of public works projects for construction, reconstruction, demolition, or renovation of buildings at public expense, but excludes, in particular, pumping stations, water or sewage treatment plants, and excludes in general all other projects which are not buildings, including bridges, roads, rail projects, and airports.

This bill permits project labor agreements for all construction projects covered by the Prevailing Wage law, other than road or rail projects, without regard to the type of structure or facility.

The bill does not modify the law's current exemption of projects that cost less than \$5 million.

SENATOR SWEENEY: We're going to start with William Mullen, who's President of the State Building Trades.

Mr. Mullen.

And since we have -- real quick -- since we have so many people, and we're going to be taking so much testimony, if we could limit our comments to five minutes. And if it seems like it's going to go too long, we'll shorten it up.

President Mullen.

WILLIAM MULLEN: Thank you, Mr. Chairman.

Does this need to be on (referring to PA microphone)?

SENATOR SWEENEY: Yes, hit the red button.

MR. MULLEN: Thank you, Mr. Chairman, and I thank the Committee.

Good morning. My name is Bill Mullen. I'm the President of the New Jersey Building and Construction Trades Council.

I'm here today to speak in support of Senate Bill 653, the legislation to allow use of project labor agreements on government-funded construction projects that are not related to buildings.

Our members believe this measure is a necessary supplement to the project labor agreement legislation signed into law in 2002. The law allows agencies, in every level of government, to enter into agreements with labor organizations to set terms for wages, benefits, grievance procedures, overtime rates, and other workplace conditions prior to the start-up of a project.

However, that measure applies only to the construction or other works done on public buildings, costing more than \$5 million. It specifically excludes pumping stations, water and sewer treatment facilities, and airports.

Senate Bill 653 will correct these omissions.

The New Jersey State Building Trades Council has long supported project labor agreements as effective means of controlling construction cost, preventing workplace disruptions, providing for an adequate work pool, and stimulating urban economics and local job force development. They are essential benefits on large and complex projects, for those that are carried under severe budgetary constraints or time problems.

Contrary to the allegations of some anti-union special interests, neither this bill nor the legislation adopted in 2002 mandates the use of project labor agreements, nor will this legislation exclude nonunion contractors from the bidding process, nor will it give trade unions a monopoly on public projects.

You only have to examine developments in the construction industry over the past two years to realize that all of the fears and concerns raised by opponents of PLAs have failed to materialize.

Since all public projects are subject to prevailing wage regulations in New Jersey, whether constructed under the project labor agreement or not, labor costs are essentially the same, whether with a PLA or without a PLA.

So project labor agreements do not increase labor costs. What they will do, however, is guarantee strict monitoring and enforcement of prevailing wage regulations. This levels the playing field in the bidding process by ensuring the payments of decent wages and benefits of all workers and their families, union and nonunion alike.

PLAs are an excellent way to stimulate local and state economies. Experience shows that more local contractors win work under PLAs and employ more workers who are state residents. This means that a large project -- large portion of a project -- of the wages and profits from a project are returned to the local communities due to purchase of local goods and services, and through payroll taxes, property, and State taxes.

We wholeheartedly agree with Governor McGreevey's contention that when it comes to expenditures of New Jersey State dollars on public construction projects, the primary beneficiaries should be New Jersey workers

and contractors. This is most likely to happen under the terms of project labor agreements.

This legislation, and the measure signed into law, both require that PLAs comply with State policy to advance minority and women-owned businesses. They also require contractors and labor organizations to work closely with local agencies to ensure that inner city residents have every opportunity to receive proper apprenticeship and training, and to actually work on these projects.

In this way, the typical PLA project actually offers more employment opportunities for minorities and economically disadvantaged than a nonunion project that does not comply with public policy goals.

Our Council also believes that project labor agreements are particularly important at this time in our State's history. They can make a positive contribution to dealing with New Jersey's large budget deficits and still tenuous economy by allowing for better predetermination of construction costs, and by keeping local workers gainfully employed in good paying jobs with decent benefits.

With a strong prevailing wage enforcement and the use of skilled, well-trained workers -- the PLAs' nature -- public agencies and taxpayers can be confident that they are getting the best bang for their buck and avoiding the type of faulty construction that results in additional repairs and maintenance costs down the road.

On behalf of the New Jersey State Building Trades Council, I urge the members of this Committee to favorably consider and release Senate Bill 653. Project labor agreements have been an unqualified success, both in the

private sector and in the public arena. We believe government agencies should have the option of utilizing PLAs on pumping stations, water and sewer treatment plants, and airports, not already covered by the existing law. It is good public policy. (applause)

Thank you very much, Mr. Chairman.

SENATOR SWEENEY: If we can refrain. Let's set some ground rules right off the bat. There's not going to be any booing or clapping until we get through this testimony, please.

Is there any questions of the witness from any of the Senators that sit up here now? Any questions? (no response)

Thank you.

MR. MULLEN: Thank you, Mr. Chairman.

SENATOR SWEENEY: Next, I'm going to ask Richard Forman, from the AGC, who is opposed, to come up and speak.

We'll try to go back and forth to be balanced with it.

RICHARD L. FORMAN: Thank you, Mr. Chairman.

I'm Dick Forman, Executive Director of the Associated General Contractors of New Jersey, doing bridge and highway tunnel work.

Our contractors are very much in favor of the law that was passed in 2002. Our friends in the building industry, with the school work starting up, felt they really needed the PLAs, and I think that they have done an excellent job with those needs that they had.

But we agreed then, and I hope that we would keep the agreement now -- is that ours is a very unique industry on the highway side. When we're building highways and bridges, we're dealing with fewer unions, we're dealing

with only a few large customers -- public agencies, usually. We're also dealing with our unions, and have since 1936, in terms of doing labor contracts, and not waiting until those contracts are ready to be negotiated to talk about job issues and make any adjustments with our unions that need to be made for competitive reasons.

We have a tremendous track record in the highway industry. We don't have the same kinds of problems that the building side has. We think that that law that was passed in 2002 was just the right balance. We'd like to keep it that way. We have labor management cooperative programs now with almost all of the six unions that we work with. We have a new one with the ironworkers, nationally, called Impact. We're looking for great things to handle any problems that come up. We simply don't have the same kinds of problems, and we don't want to abdicate the contractors' ability to be involved in all the negotiations. We don't want to find out what's in the contract specifications, in terms of a job PLA, when we're ready to bid it. We wouldn't be at the table.

In the past, there have been some problems in other states, other areas, where national contractors have been asked, by public agencies, since they don't know how to negotiate a contract-- They've hired some of these contractors from other states to set up a PLA and have an arbitration clause for jurisdiction.

And, frankly, when you're signed with many, many more unions than what you're used to, sometimes things can come up -- gray areas. And we just have not had jurisdictional disputes. And I think that's the biggest reason why we'd like to keep the law the way it was in 2002.

Thank you.

SENATOR SWEENEY: One second, Mr. Forman.

Anyone wishing to ask any questions of Mr. Forman? (no response)

Thank you.

Not testifying, but in favor, Assemblyman Louis Manzo and Gerald McCann, for the record.

Next I'm going to ask Eric Richard, from the AFL-CIO, to come up.

ERIC RICHARD: Chairman, members of the Committee, good morning. Thank you very much for this opportunity.

I'd just like to echo the comments of Bill Mullen, President of the Building Trades unions, and echo the AFL-CIO -- the State AFL-CIO support for this legislation.

I don't want to go into the details and the specifics. I think we did that to some extent over the course of the past two years, when we debated vigorously the initial PLA bill. As many of you know, the AFL-CIO spearheaded that effort, and we're proud that we are, indeed, the first nation -- first state in the nation to implement project labor agreements.

Senator Sweeney, you, more than anyone, know the give and take, as well as Assemblyman Egan -- the prime sponsors of the bill -- know the give and take that materialized throughout that debate. And it was a long debate, almost 18 months, throughout the legislative process, back and forth, negotiating with all interested parties. And, again, we're proud that that has come to fruition.

Today, obviously, is an extension of that bill, an extension that the AFL-CIO supports, all for the same reasons that we supported the initial

legislation. And we just want to reiterate that it's important that all the building trade unions throughout the state understand and support the legislation before us today.

And with that understanding, we just want to express the AFL-CIO's strong support for the bill.

Thank you, Senator.

SENATOR SWEENEY: Any questions for this witness? (no response)

Thank you.

MR. RICHARD: Thank you.

SENATOR SWEENEY: Next I'm going to ask Kevin Monaco, the Utility Transportation Contractors Association. It would be easier to say UTCA, wouldn't it?

K E V I N M O N A C O: Thank you, Mr. Chairman. I appreciate the opportunity.

My name is Monaco. I'm Director of Legislative Affairs for the Utility and Transportation Contractors Association of New Jersey.

Our organization currently numbers approximately 1,200 member firms active in all phases of heavy, highway, utility, and environmental remediation construction throughout the state. Although our contractor and subcontractor members are predominately union-affiliated construction firms, our association is opposed to this legislation.

The issue of project labor agreements is a contentious one, with a long history of legal and legislative battles throughout the country. The position of UTCA has been clear for many years, dating back at least to the New Jersey

Supreme Court decision in *Harms v. New Jersey Turnpike*, in which the Court found that project labor agreements were violative of public bidding laws, which are intended to provide free, open, and unfettered competition. Project labor agreements are discriminatory, and serve to limit competition and increase project costs. Project labor agreements also have a negative impact on an already significant skilled labor shortage.

The notion that a public entity can require, as a prerequisite, that construction companies and construction workers must be union affiliated, even for one project, in order to bid on a public works project, financed with their tax dollars, runs against the basic principles of freedom on which our nation was built. The freedom for firms and employees to organize is important. But the right to choose not to affiliate is equally important.

UTCA supports free and open competition for publicly funded construction projects. Contractor prequalification, strict enforcement of our State's prevailing wage laws, and intense regulatory oversight from numerous State and Federal agencies help to provide an even playing field for all contractors, regardless of union affiliation.

This entire issue of project labor agreements was discussed and debated extensively over a period of months by the Legislature in the session which ended just weeks ago. Governor McGreevey signed that PLA law on July 25, 2002. This Committee, in fact, took exhaustive testimony on the issue, on several occasions. After this thorough review, many meetings among interested parties, and substantial media attention, the Legislature decided, and the sponsors agreed, to exempt certain types of work. It was agreed that many of the issues trying to be addressed by the proponents of last session's bill, Senate

Bill 1004, were centered primarily in the building construction industry. Agreement was reached, hands were shaken, and the issue was resolved.

Now, less than one month into the new legislative session, with little or no real world evidence to justify the need for this legislation, the exemption and amendments so carefully and painstakingly crafted by Chairman Sweeney and others are now being yanked out from under an entire industry segment. In fact, the PLA bill signed by Governor McGreevey specifically directed the Commissioner of Labor to make an annual report to the Legislature on the effectiveness of all project labor agreements. The first report was due by December 31, 2003. The existing law goes a step further and explicitly states, "The report issued on December 31, 2006, shall include an analysis of the overall effectiveness of the implementation of the act from the time of its enactment, and any recommendations regarding legislation to make changes in the act deemed necessary by the Commissioner to better effectuate those purposes." Yet, here we are, nearly three years before the objective analysis specifically required by the statute is due--

Our industry does not believe in, or support, the concept of project labor agreements. However, we did make an agreement last session. We are prepared to live by that agreement. If the Legislature chooses to walk away from the agreement, we will be forced to pursue the only avenue left open to us, which would be State and Federal court proceedings. At a minimum, we should allow more time to be able to fully measure the alleged value of project labor agreements on the type of construction which they are currently allowable. Senate Bill 653 undoes an agreement which was reached after long, hard, and contentious negotiations, with no legitimate public policy purpose, while

ignoring the Legislature's own directive to await a full report from the Commissioner of Labor.

Senate Bill 653 is a cure for an illness that does not exist. Billions of dollars of taxpayer funded projects have been completed over many decades -- safely, on time, within budget, and with a high degree of quality -- without project labor agreements.

As an organization that works very closely with our friends and partners in the organized labor community on many issues, I would like to emphasize that our position concerning this bill is not anti-union, but rather pro-contractor, pro-taxpayer, and supportive of the rights of all qualified firms to compete for projects funded with their tax dollars.

In addition, we feel strongly that the hard work of the Legislature on this very difficult and divisive issue should not be so quickly dismissed and overturned, especially without any supporting data or reasonable real-life project information. The information we do have on PLA projects, such as the South Jersey Light Rail, the Trenton Thunder Stadium, and the Essex County Correctional Facility, are a record of substantial delays, less than acceptable work product, and significant cost overruns.

Senate Bill 653 is discriminatory, costly to taxpayers, as well as unwanted and unneeded by many of those it will impact.

Thank you, Mr. Chairman, for the opportunity to express our position on this important bill.

SENATOR SWEENEY: Anyone with any questions? (no response)

Thank you.

MR. MONACO: Thank you, Mr. Chairman.

SENATOR SWEENEY: I have Alan O'Shea, from the Mechanical Contracts Association in support, but he's not going to testify at this time.

Next, I'll ask Jeff Stoller, New Jersey Business and Industry, if he wouldn't mind -- he's in opposition -- to come up.

J E F F S T O L L E R: Good morning, Mr. Chairman, and congratulations on taking up the gavel here in the Senate Labor Committee. Also, to new members of the Committee. I look forward to working with you, here ahead.

NJBIA, representing now more than 21,000 companies in New Jersey, is continuing to oppose the project labor legislation in this new form of extending it.

As you know, Mr. Chairman, we have never had a problem with the concept of the project agreement, where there's the argument made that with these large-scale infrastructure projects, you may need special rules for people to follow. But it is the idea of the project labor agreement that alarms our members -- many of our members, in terms of their role as contractors or others just as taxpayers, because we really don't want to have a system where qualified bidders are discouraged from being part of the bidding from public work. That didn't make sense to us in 2002, it wouldn't make sense to us today.

We have union and nonunion members. We are simply supporting the concept that all companies, union or nonunion, have an equal opportunity to bid on a public contract and to win a public contract. And what we continue to hear, even over the past years, is the concern from our companies, the nonunion companies, that they somehow would not qualify, ultimately, to win under the project labor agreements arrangements.

It seems to us that, if we have a company that's a nonunion company that has a good record of completing work on time, which has a good record of completing work within budget, which has complied with all the rules and laws, which is certainly in compliance, as was mentioned earlier, with the project -- I'm sorry, the prevailing wage and benefit laws -- especially now that the Legislature has acted to enforce criminal penalties against the failure to obey those laws-- It seems that if a company -- a nonunion company meets all those criteria and has the ability to do the job, that's what should be the basis of deciding whether they can get that contract.

We believe that any system where we are actually discouraging or keeping those qualified nonunion companies from participating is discouraging bids that would help keep the cost of projects down. I think that there is still remaining concern. We heard earlier, again, what's happened in the past two years since we went forward with the original bill.

I reached out to John Harmon, who is with the Metropolitan Trenton African-American Chamber of Commerce here in town, who has taken on, over the past two years, a special effort to monitor what some of the impact is, and report to us on the special concerns of minority contractors. And I got a message back for him in anticipation of this hearing the other day. And he really said that there is still significant concern that the minority contractors feel that this is an approach that works against their interest.

It's not just a matter of the apprenticeships. You can increase apprenticeship opportunities for minorities, but that really doesn't address the situation of the experienced minority contractor themselves, who may have 10,

15, 17 years of experience. Improved opportunities at the apprenticeship level don't address their needs.

And so in conclusion, Mr. Chairman, simply saying, again: We oppose the extension. It seems at a time when businesses, and municipalities, and taxpayers are all being asked to find ways to be more cost-effective in what we do in the public sector, it does not make sense to us to undermine a cost-effective, open bidding system that's fair to all, nonunion and union alike.

So thank you very much for a chance to comment.

SENATOR SWEENEY: Thank you.

Any questions for Mr. Stoller? (no response)

Thank you.

MR. STOLLER: Thank you.

SENATOR SWEENEY: Next, I'm going to call up Matt McDermott, from the New Jersey State Pipe Trades Council -- Association.

MATT McDERMOTT: Thank you, Mr. Chairman.

Good morning, members of the Committee.

On behalf of the more than 10,000 men and women who proudly labor in the areas of plumbing, pipe fitting, sprinkler fitting, steam fitting, some of the HVAC positions, we proudly support this bill.

We recognize the economic significance, the labor significance, in terms of jobs. We also recognize the value that PLAs bring to the taxpayers of the state by bringing jobs in at high quality and at cost.

On that, we proudly support this bill, and echoing that of what has been testified before in support of it.

SENATOR SWEENEY: Thank you.

Any questions for Mr. McDermott? (no response)

Thank you.

MR. McDERMOTT: Thank you.

SENATOR SWEENEY: Next, we're going to have Richard Goldberg, Commerce and Industry Association, come up and speak in opposition.

RICHARD GOLDBERG: Thank you, Mr. Chairman, and members of the Committee.

My name is Rich Goldberg, and I am President of the Commerce and Industry Association of New Jersey. We're based in Paramus. I am here today to urge you not to support S-653, which would permit project labor agreements in public works projects for work not related to buildings.

We believe that the project labor agreements legislation, two years ago, severely limited free and open competition when it came to small and, especially, minority-owned construction firms' ability to compete for building projects. Although road projects and other items were taken out of the bill two years ago to ensure passage, we now find one of the first bills heard by the Committee is the one to finish the job of eliminating free and open competition of many of these public projects.

I mention minority-owned companies for a reason. The percentage of minority-owned construction companies that are unionized is a very small percentage of minority-owned construction companies throughout New Jersey. With over 80 percent of the state's private workforce being nonunion, we see mandates, such as those contained in the new project labor agreements bill, taking the majority of New Jersey's workforce out of the loop.

We also do not believe that reducing competition benefits the taxpayers, especially since reductions in competition does drive costs up. These costs are paid by taxpayer dollars. It is our understanding that the State will again face a deficit this year. The Governor, in his recent State of the State address, urged all areas of State and local government to find ways to reduce expenses for the benefit of New Jersey's taxpayers. We believe that this bill goes in the opposite direction.

It is for these reasons that the Commerce and Industry Association of New Jersey, whose members contain union and nonunion shops, oppose this legislation. Our Hispanic Business Council, representing Hispanic businesses throughout the state, joins us in this opposition.

Thank you.

SENATOR SWEENEY: Anyone wishing to ask any questions of the witness.

SENATOR KAVANAUGH: One question.

SENATOR SWEENEY: Yes, sir.

SENATOR KAVANAUGH: Through you, Mr. Chairman, just a question on the Hispanic -- say, for example -- cement finishers. Are they in or out here?

MR. GOLDBERG: We believe that anybody involved in the areas -- any Hispanic-owned construction company--

SENATOR KAVANAUGH: This bill that we're hearing today?

MR. GOLDBERG: I don't know the specific of the cement area.

SENATOR SWEENEY: Senator Kavanaugh, last time, when this bill was up, the Hispanic Chamber of Commerce testified in favor of the bill.

The New Jersey State Hispanic Chamber of Commerce was in favor of the bill, last time when this bill was up. That's an opportunity to increase opportunities to the Hispanic community.

SENATOR KAVANAUGH: Well then, could you clarify-- You mentioned the Hispanic community is opposed to this.

MR. GOLDBERG: We have a Hispanic Business Council of the Commerce and Industry Association made up of Hispanic businesses throughout the state, and they're in opposition of this bill.

SENATOR SWEENEY: And all I can say, Senator Kavanaugh, is the New Jersey State Hispanic Chamber of Commerce spoke in favor of this bill last time when it was up.

SENATOR KAVANAUGH: Well, you may have one guy in the back room.

SENATOR SWEENEY: Different one.

MR. GOLDBERG: And this is a different bill.

SENATOR SWEENEY: Yes, sir.

Senator Cunningham.

SENATOR CUNNINGHAM: I'd just like--

SENATOR SWEENEY: Hit the light. (referring to PA microphone)

SENATOR CUNNINGHAM: I have one concern. When Mr. Mullen spoke, I was happy to hear him speak about the PLA. And I believe I heard him describe a scenario where minorities were gaining through that. I would, of course, hope that that's correct.

Then Mr. Goldberg is saying that this basically excludes minorities from that. I just would like to know exactly which of those versions is closer to the truth.

MR. GOLDBERG: May I respond, Mr. Chairman?

SENATOR SWEENEY: Please.

MR. GOLDBERG: Minorities that are nonunion have a great difficulty in meeting what is required through project labor agreements. There are many restrictions on there. If we just left it to prevailing wage and benefits, as the State requires, many of those companies would have a chance to be able to compete. But through project labor agreements, which deal primarily through labor unions, those minority nonunion companies are out of the loop and do not have that equal chance to compete.

SENATOR CUNNINGHAM: But at the same time, through these-

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SENATOR SWEENEY: You have to hit the light, again. (referring to PA microphone) You've got to get used to that.

SENATOR CUNNINGHAM: At the same time, these PLAs do provide for a process, if they're really structured properly, to include more minorities in the process of building; and provide more laborers, skilled and unskilled, the opportunity to become union members, it would appear.

MR. GOLDBERG: We have not seen the results of that, yet. And we believe that anything that restricts the free and open competition, whether it be union or nonunion, defeats the purpose in the long run. There are companies that decide that they do not want to become union. It is their

choice, and they should have an equal opportunity to compete and bid on these projects and not have it restricted.

SENATOR SWEENEY: Senator--

SENATOR CONIGLIO: Mr. Goldberg, how many members do you have?

MR. GOLDBERG: About 700.

SENATOR CONIGLIO: You have 700. How many of those projects that they do are under \$5 million?

MR. GOLDBERG: I would have to get that information for you.

SENATOR CONIGLIO: This only comes to qualified people that can bid over \$5 million, is that correct?

MR. GOLDBERG: True.

SENATOR CONIGLIO: So a lot of your contractors, in large, would not be shut out from this process.

MR. GOLDBERG: Many wouldn't, and some would.

SENATOR CONIGLIO: I say your largest percentage wouldn't be shut out. Is that correct?

MR. GOLDBERG: That's exactly correct.

SENATOR CONIGLIO: Thank you.

SENATOR SWEENEY: Just for the record, because as the prime sponsor of this bill--

We're finished, sir.

As the prime sponsor of this bill, I guess two years ago, there was a lot of claims, for the members of this Committee, on project increasing cost in-- And I asked the School Construction Program to give me an estimate of

what's going on. Out of 27 projects that were rewarded, the estimated price was \$433 million. Twenty-seven projects are under budget \$31 million, almost \$32 million. So there was a lot of claims made in the past that this would increase cost. There are 27 projects right now, under State project labor agreement, at a savings of almost \$32 million. So I think that cannot be lost. In 27 projects, not one hour was lost due to labor action.

There have been committees set up to make sure there is minority participation and requirements. There was three times where there was an issue where the local administrative committee process was successfully used to resolve situations that rose on the project. So we do have somewhat of a background to go on that are actual numbers and not my words, or anyone else's words.

These are facts that I just read.

Again, thank you.

I just want to make this aware to my fellow Senators. I'll make copies of that available to everyone, also.

Next, we're going to have Bob -- I hope I don't butcher your name -- Maragni, from New Jersey APA and Tilcon New Jersey.

If I butchered your name, I apologize.

R O B E R T M A R A G N I: It's okay. Everybody wants to add more vowels.

SENATOR SWEENEY: Since I don't know what that stands for, could you tell me what the Association stands for?

MR. MARAGNI: Yes, it's the New Jersey Asphalt Pavement Association, based in Edison.

Good morning, Senator, Chairman.

SENATOR SWEENEY: Before we start, are you aware that roads are being exempt from this?

MR. MARAGNI: Yes, I am.

SENATOR SWEENEY: Okay.

MR. MARAGNI: I was just told this morning, so I know the roads and highways -- but bridges, I think, are still included -- airports.

Good morning.

I am Robert Maragni, Vice President of Public and Political Affairs for Tilcon New Jersey, and Legislative Chairman -- Committee Chairman for the New Jersey Asphalt Pavement Association.

Our Association is a statewide association of producers, placers, and suppliers of hot mix asphalt, who employ approximately 10,000 men and women each year. Thank you for this opportunity to testify here this morning.

The New Jersey Asphalt Pavement Association opposes this legislation, because we firmly believe that imposing project labor agreements on heavy and highway construction projects will -- is inefficient and costly. We believe that the current bidding statutes for highway construction projects provide a highly skilled workforce to ensure the highest standard of quality at the lowest responsible cost. There's simply no reason to reform the current statutes for heavy and highway construction.

I urge that the Committee votes no, with regard to this bill, Bill S-653.

Thank you for the opportunity to speak here before you today.

SENATOR SWEENEY: Thank you, sir.

Anyone wishing to ask any questions? (no response)

Seeing none, thank you, sir.

Next, we'll have Helen--

I'm telling Senator Cunningham to work the buttons, and I'm not.

Next we'll have Helen Yeldell, from the New Jersey League of Municipalities.

HELEN YELDELL: Good morning, Mr. Chairman and members of the Committee. Congratulations on your ascension to Chairmanship.

As a matter of policy for the League of Municipalities, as we testified in 2002, we are opposed to the concept of project labor agreements. Our opposition is based on the fact that competitive bidding laws were created and recently revised to maximize open and fair competition and to ensure that our tax-paying residents receive a real benefit from competition.

We're just opposed to this bill, although we haven't read it, but we're opposed to the whole concept of project labor, because it limits-- (laughter) Well, when I say we haven't--

SENATOR SWEENEY: Please, everyone, please. Give the courtesy--

MS. YELDELL: When I say -- for those in the room who do not know--

SENATOR SWEENEY: Please, Helen, one second, please.

For the courtesy of everyone, please, that's testifying, whether you're for or against, please show the proper respect to the people that are testifying.

Thank you.

MS. YELDELL: Thank you, Mr. Chair.

For those who do not know, when I say we haven't read it -- because the bill was just here-- And we know that this bill deals with project labor agreements. We are opposed to the concept of project labor agreements, because it limits fair and open competition. We do not believe that taxpayer-funded projects should be available without the proper bidding procedures. And that's why we're opposed to the whole concept of project labor agreements.

SENATOR SWEENEY: Thank you.

Anyone wishing to ask any questions? (no response)

Is there anyone else wishing to speak on this bill? (no response)

If not, I'd entertain a motion to move this bill as amended.

I'm sorry.

Donald Norcross.

I didn't have a slip.

He didn't follow the procedure. We'll shoot him.

D O N A L D N O R C R O S S: Good morning, Chairman Sweeney and Committee members. I know there are many people who have given testimony today, and we've heard many things. Certainly, I want to present what somebody had suggested -- there was no new evidence. I will be here today to testify on behalf of new evidence.

On behalf of the members of the United Building Trades of Southern New Jersey, we appreciate the opportunity to present testimony in support of the proposed changes to the 2002 PLA law.

We would like to first start by thanking Senator Sweeney for introducing S-653. And even though the law has only been on the books for

barely a year, the Senator clearly has the insight and the understanding on where the problems exist under the current law.

When the PLA legislation was signed into law over a year ago, we understood that this was the single most positive change in public construction since the introduction of prevailing wage laws. We believe this for three main reasons.

Lower costs: We've heard today that there's actual evidence to show where this has saved the taxpayer money due to the increased efficiency, quality, timeliness, and skilled labor force.

Number two, guaranteed training. All contractors working on the project labor agreements must have an apprenticeship program, thus ensuring properly trained and skilled workforce for the future.

And number three, the PLAs expand opportunities for local hiring. PLAs provide, for the first time, pre-apprentices, thus allowing a more aggressive outreach program by building trades for those economically disadvantaged women and minorities.

With that said, I would like to get into some of the specific issues in why we're supporting this new scope of work.

The use of PLAs by public entities in southern New Jersey, and in particular the Camden area, has just begun. A couple of weeks ago, workers broke ground on the new Camden waterfront project, which includes a major expansion of the New Jersey State Aquarium. This project is significant for the economic rebirth of Camden City. However, it is also noteworthy because it is a project labor agreement, therefore allowing the use of local hired pre-apprentices.

This level program would not have been possible without the PLA. For as optimistic as we are for the Camden waterfront, we're equally disappointed with a major project just a short distance away from the aquarium. And this is the main reason why we're here today.

A few weeks ago, the South Jersey Port Corporation recognized the positive impact that the use of PLAs would have on Camden City residents, and decided to negotiate their own PLA for the new waterfront project. The project, which has an extremely aggressive and complex construction schedule, went out to bid with a PLA attached. Only one week before the bids were to be opened, a contractors' association, who testified here today, objected to the use of PLAs. A lawsuit by this contractors' association caused a temporary injunction to be issued, holding the project up.

That issue, in this case, was the language of the current PLA law, which does not specifically address pier construction. Although the judge never ruled on the merits of the case, a temporary injunction was issued. Because of the accelerated construction schedule and the delays caused by a prolonged court battle, the Port Corporation dropped the use of the PLA in order to expedite the construction bidding phase.

The loss of the PLA on this job was not only a time delay for the project, but a loss for the Camden residents who would have had an opportunity to work on this job.

For this reason, the United Building Trades have made the passage of this bill the number one priority for this year. We believe in expanding opportunities for community hiring. And the best way to do this is through good economic development and the use of PLAs.

Currently, the wording of the law permits project labor agreements in public works projects, but it excludes the items that you've heard here today.

We strongly support S-653, which will permit project labor agreements for all construction projects covered by the prevailing wage law, without regard to type, structure, facility.

I would just say, in conclusion, that the Building Trades considers the passage of S-653 would be a win not only for local construction workers, but for the taxpayers of New Jersey and, most significantly, for the residents of the communities where this work is to take place.

Thank you.

SENATOR SWEENEY: Is there any questions for the witness? (no response)

Thank you.

Is there anyone else wishing to speak on this bill before we go forward? (no response)

If not, I will make a motion to move this bill as amended.

SENATOR CONIGLIO: Second.

SENATOR SWEENEY: There's a motion and a second.

Questions? (no response)

Roll call.

MS. FRAYTAK: On S-653, with the amendments, Senator Littell.
(no response)

Senator Kavanaugh.

SENATOR KAVANAUGH: Abstain.

MS. FRAYTAK: Senator Coniglio.

SENATOR CONIGLIO: Yes.

MS. FRAYTAK: Senator Cunningham.

SENATOR CUNNINGHAM: Yes.

MS. FRAYTAK: And Senator Sweeney.

SENATOR SWEENEY: Yes.

Thank you. (applause)

(RECORDED PORTION CONCLUDED)