

# **FERGUSON**

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**HB 6246 An Act Concerning Labor Agreements and the Governing Bodies of Municipalities**

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Good afternoon. My name is Christina Erdman and I am the Operations Manager of Ferguson Electric Co., Inc. & Ferguson Mechanical Co., Inc. Ferguson has been in business since 1925 and has worked on approximately 205 notable public jobs.

I am here to voice our support for HB 6246, an Act Concerning Labor Agreements and Governing Bodies of Municipalities. This bill makes a very reasonable requirement - that every municipality considering the use of a Project Labor Agreement (PLA) would need to hold a public hearing to discuss the decision.

Large, taxpayer funded construction projects, such as schools and government facilities are significant expenditures in a municipality's budget. It is imperative that residents have the ability to ask questions in a public forum to make sure the project is being completed in the most cost effective manner possible.

Numerous studies show that when PLAs are used on public construction, that costs can increase as much as 20%. The way that a PLA is written is designed to ensure that the work is performed exclusively by union labor. Given that only 20% of the construction workforce is union that leaves many qualified contractors who don't belong to a union unable to competitively bid the job. When only 20% of the industry can bid the other 80% is left out and doesn't bid on the job. Less competitive bids will almost always lead to higher costs.

PLAs also discriminate against non-union contractors by using specific and unique contract clauses that are not found on most construction projects. These can include forcing contractors to recognize the union as their representative while on the job, use the union hall to obtain workers, and force employees to contribute to the union benefit funds while working on the job. This discrimination is particularly harmful to women and minority owned businesses and their workers who traditionally are under-represented in trade unions. A PLA will further prevent them from having the opportunity to find work.

PLAs were established in the early twentieth century, when a large percentage of construction was still union, in order to help trade unions cooperate. In modern day construction, PLAs are nothing more than wasteful and discriminatory contracts designed to favor one sector of the

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construction industry over the other. Perhaps there is a reason that 21 out of 50 states have effectively banned the use of PLAs for taxpayer funded projects.

In conclusion, we are in full support of HB 6246. For any municipality making such an important decision, a public hearing is a discussion worth having.