

UPDATES AROUND THE STATE

Southwest

Innovative outreach is not limited to the Metro Region. The Mankato Building and Construction Trades Council, in collaboration with the Construction Careers Foundation, is working with local school districts to develop and implement Multi-Craft Core Curriculum (MC3) programs, which give students a hands-on introduction to construction careers. The first meetings took place in April, and 14 school districts have so far expressed interest in developing an MC3 program. There will be a “train-the-trainer” event in New Ulm during the first week of June. For more information, contact Building Trades President Stacey Karels at skarels@local563.org.

Southeast

The Southeastern Minnesota Building & Construction Trades Council has begun a new marketing campaign to build awareness around careers in the trades, as well as educate the public about important issues in the construction industry, including prevailing wage. The Council is working with Rochester-based EM EN Design to develop the campaign. For more information, visit their website at www.semnbctrades.org

Northwest: *Digi-Key Electronics – An Anchor Project*

The new Digi-Key facility will be 2.2 million square feet, with a price tag between \$200-300 million. This private company expects to create 1,000 new jobs during the next decade, and is estimated to increase its economic output by \$500 million. The project is estimated to increase state revenue by \$184 million annually.

But the investment for the Minnesota taxpayer is substantial. Digi-Key received many state and local incentives and financing: creation of a TIF district, capped building fees, \$1.6 million state grant for roads and infrastructure, a \$4 million forgivable loan from the Minnesota Investment Fund, and tax exemptions up to \$40 million during a ten-year period. Therefore, State law rightfully requires that quality construction and trades jobs are part of the package through our prevailing wage laws.

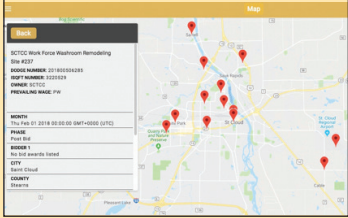
The expected 250-300 construction jobs will provide the construction pay rates that prevail in Pennington County. To ensure Minnesota’s return on investment for the construction industry, FCF has been in contact with general contractor McShane Construction, who has already agreed to mount a large banner at the worksite entrance to inform all builders of their pay scale and to avoid confusion. FCF will also offer any assistance to McShane and the Department of Labor and Industry so that the construction workforce will see years of work in Thief River Falls at compensation levels that benefit the local economy, secure quality workmanship and entice our future workforce with promising middle class careers.

Central

Throughout history, mapmaking has been a powerful tool, and its utility has only increased with the advent of digital technology. The St. Cloud Building and Construction Trades Council is at the forefront of this trend and has been developing a mapping tool to help business agents in the field share information about projects and help one another monitor work progress. With time and resources increasingly scarce, this is a low-cost innovation to more efficiently follow the work start to finish.



Credit: finance-commerce.com



Metro Update

The transformation of St. Paul’s Midway continues to progress as Allianz Field, the future home of the Minnesota United Football Club, passed the construction halfway point in April. The general contractor is Mortenson Construction and it is being built under a project labor agreement. It remains on schedule for the 2019 MLS season despite this year’s never-ending winter. Major League Soccer (MLS) Commissioner Don Garber recently toured the facility and highlighted the events the stadium could potentially host outside of regular MLS games, including all-star games, international games, and U.S. men’s and women’s national team games.



Survey Responses Increased 20 Percent Since Auditor’s ’07 Recommendation

In 2007 Minnesota’s Legislative Auditor issued a report on prevailing wage in the state of Minnesota. The report’s first recommendation encouraged measures to “increase contractors’ responses to the prevailing wage survey” to address concern about the modest number of prevailing wage surveys, which are used to determine the rates by the Department of Labor and Industry. The report noted that in 2005 the Department received surveys reporting approximately 64,000 workers. But in 2017, the Department received surveys reporting almost 76,000 workers. This represents an almost **20 percent increase** in survey submissions from 2005. FCF expects the survey submission rate to continue to climb as our union contractors and their workforce continue to improve the system as recommended. Both union and non-union contractors perform the work that is eligible to be surveyed. But *participation* in the survey is what has been recommended and is needed to determine the wages that prevail around the state. When anybody complains about the survey process, the first question should be “Do you participate?” Beware of those who don’t. They’re likely just looking for a system rigged in their favor.

MnDLI Historical Prevailing Wage Rates Are Available Through FCF

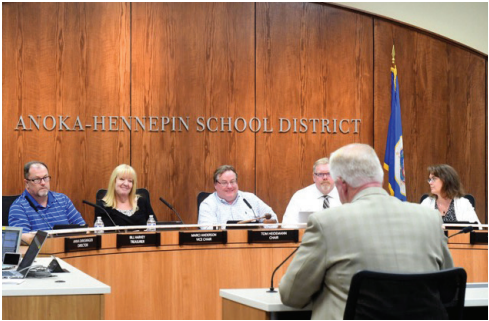
Once MnDLI publishes newly certified prevailing wage rates, the old rates drop from its website. As an example, on Dec. 11, 2017, the latest commercial prevailing wage rates were published. They stay in effect until early December 2018. Once those rates were published on Dec, 11, 2017, MnDLI permanently removed the previous rates that were in effect from December 2016 through Dec. 10, 2017. In the past if you needed to check any prior year rate you had to call MnDLI and make a request. FCF now archives historical rates for all FCF affiliates. Contact FCF for assistance and access to the Archived MnDLI PW Rates.





State's Largest School District Makes a Sound Business Decision

People will always debate whether the government should be run like a business. But there is little argument about the value of greater productivity, predictable costs and an adequate supply of labor. Those benefits, along with safe and uninterrupted construction, are the reason Allina Health, General Mills and Thrivent Financial use Project Labor Agreements (PLAs) on their construction projects. On May 7, 2018, the Anoka-Hennepin School District must have seen the same value when its board voted unanimously to enter a PLA for two large elementary school projects. When it comes to PLAs, what's good for private enterprise is also good for public education.



Credit: Vince Muzik

North Project Highlight

Much anticipated reconstruction of historic Superior Street, one of Duluth's oldest streets, began in April. The reconstruction will take place in three phases during three construction seasons and include improving utilities and services and beautifying streetscapes in "The Zenith of the Unsalted Seas." As one of Duluth's main thoroughfares the work on Superior Street will have a challenging impact on the downtown area. However, steps are being taken to keep downtown open during the construction, including free first-hour parking at several parking ramps in the area. Additionally, sidewalks will remain open during the vast majority of the work. The project will cost approximately \$30 million and is scheduled to last until 2020.

Minnesota's Building Trades Council - National Leaders

Construction is facing a serious labor shortage. The U.S. Chamber of Commerce revealed in its Commercial Construction Index that "about 65% of small contractors report they have trouble finding skilled workers." The Associated General Contractors Chief Economist Ken Simonson was interviewed saying, "the industry has no problem finding people, buy many of these people don't have construction experience."



So who is leading the way in recruitment and training in construction? The Minnesota Building Trades Councils! In April the North America Building Trades Unions gave a national recognition award to the Minneapolis, St. Paul and State Minnesota Councils for initiatives in construction apprenticeship. Minnesota's joint labor-management apprenticeship programs had \$29.8 million in revenue in 2015 reflecting only the 10 largest programs. But funding needs direction and these tireless apprentice advocates have piloted several programs. Go to www.FCFMN.org/news to read more.

Save The Date



The annual **Minnesota State Building Trades Convention** will be held July 26 - July 27, 2018, at Holiday Inn & Suites in Duluth, MN. Once again, FCF is planning to provide a training seminar. Details to follow.

Credit: Vince Muzik



Prevailing Wage Works

In January, the Midwest Economic Policy Institute released a two-year study on the impacts of Indiana's repeal of its Common Construction Wage. This law was Indiana's version of a prevailing wage law. The results show construction industry wages have fallen 8-15 percent, worker productivity growth has slowed and turnover has increased. Most importantly, **the State has not seen any savings on overall construction costs, which was the primary reason for repealing the law.** Minnesota is now being targeted for possible action on the state prevailing wage law. But this new research from Indiana clearly

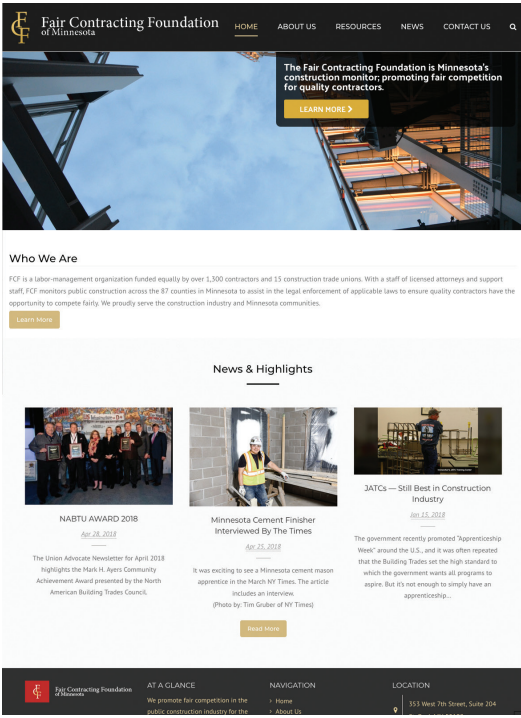
demonstrates that such a decision would be highly detrimental to the construction industry. FCF continues its outreach to new apprentices to educate them about the importance of these laws for the health of the industry, and it has spoken to more than 1,100 apprentices so far in 2018. We must work together to protect prevailing wage and ensure that Minnesota maintains the high standards that set our industry apart from other states in the region. Prevailing wage works for our local economy, the middle class workers, who are in such high demand, and high quality standards in Minnesota's public construction.



Credit: Vince Muzik

Prevailing Wage Under Attack

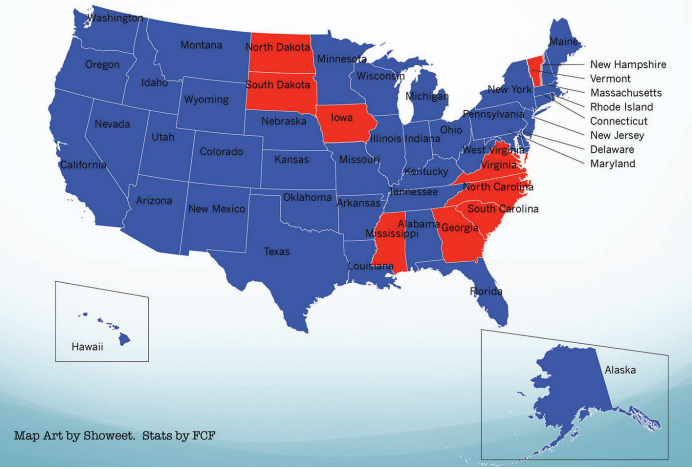
Unlike the private market, governments must hire the lowest bidder on publically funded construction. This avoids nepotism and bribery. But it can encourage cheap labor and even exploitation, often at the expense of quality and local economies. So between 1891 and 1978 the nation saw 41 states, the federal government, and countless local governments enact prevailing wage requirements to ensure that workers on taxpayer-financed construction received wages that reflected construction worker wages actually paid in their communities. This discouraged contractors from undermining local economies by taking advantage of low-bid laws with dramatically cheap labor at the cost of regional economic development, local workers and contractors, and public project owners. Since 1978, however, prevailing wage laws have come under attack. Today only 27 states have prevailing wage laws, and the laws in Michigan and Missouri are facing a very real risk of repeal. These repeal efforts continue despite substantial research showing that prevailing wage laws do not impact public project cost.



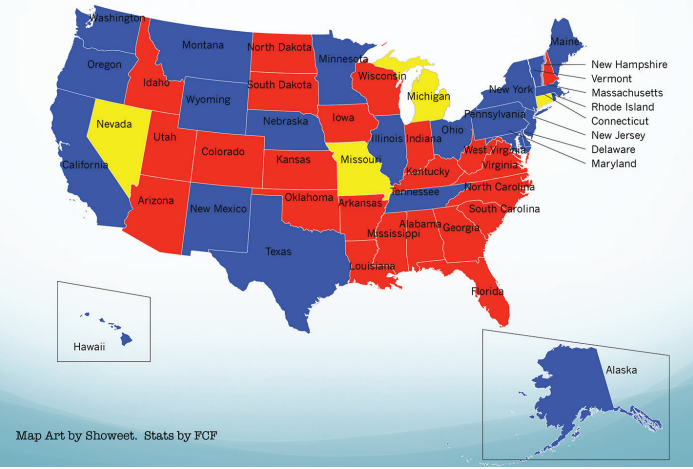
FCF Has An Updated Website

FCF updated its website earlier this year. Go to www.FCFMN.org/news to read more. The site has had a complete overhaul. The Resources have been significantly improved. As an example, we have included many of the popular links to various Minnesota Department of Labor and Industry and Federal Department of Labor webpages to reduce the need to search. If you have suggestions for news articles or other content you would like published, contact Gary at FCF at 651-797-2726.

1891 - 1978



1979 - 2017



Our Mission

The Fair Contracting Foundation promotes prevailing wage law education, compliance and enforcement. It advocates for practices, policies and laws that ensure fair government contracts, a strong local industry and protection of the public interest. We're here to help. Give us a call at 651-797-2726 or toll-free at 1-844-777-0606.