

# OPEN SHOP GAZETTE

VOLUME 1 | APRIL, 2015

The following editorial was posted in the April 21, 2015 **Orange County Register** and was titled “*Infrastructure, Unions want to raise costs for road work*” and was written by Dennis Hollingsworth, a Contributing Writer.

“Assembly Bill 219, by Anaheim Democratic Assemblyman Tom Daly, at first blush, seems relatively innocuous. It simply adds the delivery of ready-mix concrete to the list of activities covered by prevailing wage requirements for public works projects.

When examined more closely, however, the bill would not only result in major cost increases – and, thus, fewer road miles built for the taxpayers’ buck – but it is also a very significant departure from 50 years of prevailing-wage law, while flying in the face of oft-repeated rationales for prevailing wage laws by unions themselves.

Ready-mix producers estimate that the cost of concrete for projects under AB 219 would increase by 30 percent to 40 percent. That’s a big hit to every city, county, transit and transportation agency (and thus, each taxpayer) in the state.

This Bill would reduce our ability to fund roads at a time when the Assembly speaker, numerous legislative Democrats and the governor have all launched efforts to revamp funding mechanisms in hopes of increasing funding for roads and highways. Even stranger is that Daly has been a leader on transportation issues who many have called a moderate Democrat not predisposed toward union excesses.

Drivers at some of California’s biggest ready-mix companies earn about \$75,000.00 per year, plus overtime. But the big cost increase isn’t so much any extra wage; it’s the paperwork and red-tape hassle involved in compliance with prevailing-wage regulations. Many companies predict that bids contractors receive for concrete for public projects will fall and costs will rise.

Supporters of prevailing wage laws contend that the requirements keep tax dollars from going to out-of-state

contractors who bring in lower-paid nonlocal workers, undercutting local workers’ wages and hurting the economy.

However, look at the nature of ready-mix concrete itself.

Concrete has to be produced, trucked and put into forms within a few hours. All ready-mix plants are local – *because they have to be near the work* – and the employees are local. So, the rationale of protecting local wages isn’t there.

Ironically, AB 219 might even have the opposite effect. By raising the cost of locally produced concrete, it will likely result in more public projects having prefabricated concrete components shipped in from overseas.

The Bill is also a major departure from decades of prevailing wage law creating a clear delineation between construction activity that is onsite, and thus subject to prevailing wage, and offsite, which is not. Deliveries to the job-site have not required prevailing wage since the product delivered was made offsite.

Because ready-mix concrete is a complete product delivered from a local concrete plant to the jobsite to be placed in the forms and cured by onsite workers, it has not been subject to prevailing wage requirements.

Where will it end? Will drivers delivering the aggregate that goes under the concrete road be subject? What about the drivers who deliver welding materials, paint, fuel?

The slippery slope got more slippery when Assemblyman Daly amended his bill last week by expanding it to include the delivery of asphalt to public construction sites. With that kind of mission creep even before the bill’s first hearing, it’s no wonder so many nonunion construction groups oppose Daly’s bill. What is remarkable is the number of union-shop-oriented construction groups that also oppose it, as does the Howard Jarvis Taxpayers Association.

It remains to be seen how far the unions can push the individual taxpayer with the help of the Legislature before tax-

payer groups and affected businesses react by taking the whole concept of prevailing wage to the ballot box, bypassing Sacramento altogether.

Dennis Hollingsworth represented the 36<sup>th</sup> State Senate District from 2002 – 10.”

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### ***AGC Opposed AB 219 (Daly) - Prevailing Wage for Concrete Delivery Truck Drivers***

**AB 219** expands the definition of "public works" to include the hauling and delivery of ready-mixed concrete to a public works site, with respect to contracts involving any state agency or any political subdivision of the state.

An AGC delegation from both chapters met last month with the Teamsters Union, the sponsor of the bill along with the State Building Trades, to discuss all of the issues that will face both general and subcontractors. AGC has also discussed our opposition with Assemblyman Daly, his staff, and the committee staff who will be analyzing the legislation prior to the hearing.

Attorney Bob Roginson, a member of AGC's Legislative and Legal Advisory Committees, presented testimony in opposition for AGC and was joined by the California Construction Industry Materials Association and the Southern California Contractors Association as principal opposition witnesses.

In spite of significant opposition from the construction industry, AB 219 was approved on a straight "party line" vote by the Assembly Labor Committee.

Just prior to the hearing, the sponsors decided to remove asphalt from the provisions of the bill, leaving only ready mix drivers subject to the expanded prevailing wage.

Assemblyman Daly has pledged to keep discussions ongoing with AGC as the bill moves through the legislative process.

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