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TESTIMONY
OF
BRUCE SHAPIRO, CHIEF OPERATING OFFICER
BORO CONSTRUCTION
BEFORE THE REPUBLICAN POLICY COMMITTEE
REGARDING
UNION-ONLY PROJECT LABOR AGREEMENTS

HARRISBURG, PA
DECEMBER 9, 2009

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Boro Construction

My name is Bruce Shapiro, I am the Chief Operating Officer of Boro Construction (Boro), a position I have occupied since the company was founded. I have worked in the construction industry for the last 35 years. I have a BA from Johns Hopkins University. Boro Construction is a general contractor headquartered in King of Prussia Pennsylvania. We are a second generation business that has been in existence since 1974. Boro employs approximately 200 employees and self performs all of our own Concrete, Masonry, HVAC, and Electrical work. Boro's work consists almost exclusively of state, local and federal public construction work in Pennsylvania, New Jersey, Delaware and Maryland. Our annual volume exceeds \$90 Million.

Boro subscribes to the philosophy that construction projects should be awarded to the lowest responsible bidder without regard to labor affiliation. We are also a long-time member of Associated Builders and Contractors, Inc. (ABC). ABC is a national trade association of more than 25,000 contractors and affiliated companies located throughout the United States. ABC shares our philosophy of Free Enterprise and open competition.

According to statistics compiled by the U. S. Bureau of Labor Statistics, open shop construction workers constitute 80% of the construction employees in the Commonwealth of Pennsylvania, while the union segment of construction employment is 20%. When bidding on public construction projects, Boro solicits bids from both open shop and union subcontractors. This approach is in contrast to union general contractors that we compete with who limit their bidding to union subcontractors.

Boro Construction Opposes PLA's

Boro opposes PLA's on public construction projects for a number of reasons:

- PLA's effectively preclude Boro and its employees from working on a project.
- PLA's increase the cost of construction projects from 10%-30% by effectively eliminating competition from open-shop contractors.
- PLA's hamper our efforts to include more minority contractors on a project.

- PLA's discriminate against open shop contractors because their tax dollars and taxes paid by their employees help pay for a project they are precluded from working on.
- PLA's would preclude Boro from using its skilled workforce on a project.

**PLA's Effectively Preclude Boro from Working
On Public Construction Projects**

Technically, Boro is eligible to bid on construction projects that are the subject of a PLA. However, practically speaking there are a number of factors that effectively preclude Boro from bidding on a public construction project that is subject to a PLA. These include the following:

- Despite the fact that Boro has a comprehensive employee benefit plan, a PLA would require Boro to pay into union employee benefit trust funds. Thus, Boro would be required to pay for benefits twice: once to its company funded plan and a second time into a union plan.
- A PLA would require Boro to obtain employees from union hiring halls, thus precluding Boro from using its own employees who they have trained and are accustomed to working with. If there was no other work we might have to lay off our own employees while hiring union employees.
- A PLA would require that Boro obtain apprentices exclusively from union apprenticeship programs, rather than being permitted to use its own apprentices who are currently enrolled in federally and state approved apprenticeship programs.
- If Boro was able to use its own employees on a project subject to a PLA, those employees would be required to pay union fees, dues and assessments, yet they would derive no benefit from those payments.
- Boro would be required to obey restrictive complicated work rules, job classifications and arbitration procedures that are costly, inefficient and unnecessary. In many instances the union agreements in question would exceed 900 pages and be totally unfamiliar to Boro.
- PLA's would take away the rights of Boro employees. Normally, Boro employees would be permitted to choose whether to join a union through a card check process or federally supervised secret ballot election. Under a PLA, the decision to elect union representation is made unilaterally by an employer, rather than the employees themselves.

**An Example of How a PLA Would Have
Increased Construction Costs**

Boro bid on and was awarded the electrical and HVAC prime contracts in connection with construction of the \$80 million Chester County Justice Center in West Chester, PA. The Commissioners in Chester County denied union requests to use a PLA for the project because they believed it would be discriminatory and costly to the county. Instead, Chester County determined that it was in their interests and the interests of its taxpaying citizens to insure that the project open to all responsible bidders. Had the project been the subject of a PLA, Boro would not have bid on it.

I have attached a spreadsheet to my testimony that outlines the difference between the lowest open shop and lowest union bids for three of the prime contracts on the Chester County Justice Center project. If this project had been subject to a PLA, the additional cost to the citizens of Chester County for the electrical, HVAC and plumbing prime contracts on the project would have been at least \$8,430,154 or 41% more than it was without using a PLA. The net difference in combined costs on the three prime contracts was \$20,406,290 without a PLA vs. \$28,836,444 for the combined union bids on the three prime contracts.

**PLA's Do Not Guarantee Productivity, Quality
or Better Trained Employees**

Despite union assertions to the contrary, PLA's do not guarantee better quality work, skilled employees or increased productivity. In today's competitive market Boro is required to maintain a skilled workforce to meet the exacting demands imposed by purchasers of construction services. Boro relies heavily on The National Center for Construction Education and Research (NCCER), a not-for-profit education foundation created to develop industry-driven standardized craft training programs with portable credentials and address the critical workforce shortage facing the construction industry. The curriculum published by NCCER is used nationwide and is recognized by as one of only two curricula approved by the Commonwealth of Pennsylvania.

With today's ever changing work environment, Boro has remained competitive by developing its own training programs designed to meet its specific needs, as well as the specific needs of its customers. These programs involve multi-skilled training that allows employees to be more productive and work without the restrictive and costly work rules union employees must adhere to.

Conclusion

Finally, my years of experience in construction have clearly demonstrated that PLA's have a negative rather than a positive impact on public construction projects.

I appreciate the opportunity to testify before the Republican Policy Committee on this most important subject and would be happy to provide any additional information you may need in order to be fully informed on the subject.

Respectfully Submitted,

BORO CONSTRUCTION

A handwritten signature in black ink, consisting of a stylized, cursive 'B' followed by a long, sweeping horizontal line that curves slightly upwards at the end.

Bruce H. Shapiro
Chief Operating Officer

**Testimony of Bruce Shapiro of Boro Construction
Before Hearing of Republican Policy Committee on PLA's
December 9, 2009**

**Chester County Justice Center Bid Results
Bid Date: March 2, 2005**

<i>ELECTRICAL</i>		<i>Open Shop</i>	<i>Union</i>	<i>\$ Difference</i>	<i>% Difference</i>
Boro Construction	\$ 8,496,000	x		-	-
The Farfield Company	\$ 9,732,000	x		\$ 1,236,000	15%
Phillips Brothers	\$ 11,588,000	x		\$ 3,092,000	36%
Battaglia Electric*	\$ 11,859,000		x	\$ 3,363,000	40%

<i>HVAC</i>		<i>Open Shop</i>	<i>Union</i>	<i>\$ Difference</i>	<i>% Difference</i>
Boro Construction	\$ 8,938,000	x		-	-
The Farfield Company	\$ 10,579,000	x		\$ 1,641,000	18%
Guy M. Cooper	\$ 10,625,000	x		\$ 1,687,000	19%
Worth & Co.	\$ 11,811,000	x		\$ 2,873,000	32%
A.T. Chadwick Co.	\$ 13,483,000		x	\$ 4,545,000	51%

<i>PLUMBING</i>		<i>Open Shop</i>	<i>Union</i>	<i>\$ Difference</i>	<i>% Difference</i>
Guy M. Cooper	\$ 2,972,290	x		-	-
Reynolds Plumbing	\$ 3,383,000	x		\$ 410,710	14%
W.G. Tomko**	\$ 3,494,444		x	\$ 522,154	18%
Royal Mechanical	\$ 3,625,000		x	\$ 652,710	22%
Worth & Company	\$ 3,684,000	x		\$ 711,710	24%
Dolan Mechanical***	\$ 3,687,000		x	\$ 714,710	24%

<i>Difference Between Lowest Union Bidder and Lowest Open Shop Bidder</i>		
<i>Trade</i>	<i>\$ Difference</i>	<i>%</i>
Electrical	\$ 3,363,000	40%
HVAC	4,545,000	51%
Plumbing	522,154	18%
Total Difference	\$ 8,430,154	

* Delaware based
** Pittsburgh based
*** New Jersey based

<i>Total Price</i>	<i>Electrical, HVAC & Plumbing</i>	
Open Shop	\$ 20,406,290	
Union	28,836,444	
Union Premium	\$ 8,430,154	41%

Open Shop

Union