

July 22, 2016

To: Common Council Members, City of Milwaukee

From: The Milwaukee Building and Construction Trades Council

Re: Stevens Construction work in Milwaukee Area

We are sending this memo as follow up to testimony that was provided to the ZND Committee on July 19<sup>th</sup>. We wish to again reiterate our support regarding the issue of Area Standards for wages and use of apprentices in local development projects. As the construction industry seeks to continue diversifying and opening career pathways to under-represented populations, it is important to ensure the quality of trades' employment by protecting these standards and the good jobs they create. The last thing we would want is for opportunity, wages and benefits to drop just as we welcome new people into the industry.

Example to Consider: The Standard at East Library was a private public partnership in which the City redeveloped the East Library. The new building contains the public library on the first floor, combined with the private development of apartment units on the upper floors above the library. Stevens Construction was the general contractor on the project. The development agreement stipulated that prevailing wages would only be paid to workers on the public (Library) portion of the building.

For a refresher on how prevailing wages are set, the State Dept. of Workforce Development surveys local companies each year on the wages paid to their workers trade by trade on private projects, so as to set wage rates for public projects that mirror the private market rate of pay. The most commonly occurring wage for the majority of the hours for each trade that is reported in the survey is the wage that prevails, the "prevailing wage."

Data submitted by contractors providing wage information to DWD is collected and is public.

<http://dwd.wisconsin.gov/PrevailingWageSearch/PrevailingWage/SearchByJobClassification>

For the 2014 DWD survey (covering work completed June 1, 2013 to May 31, 2014) wage data from The Standard at East Library project demonstrates multiple examples for multiple trades in which Area Standard wages were not paid. The data contained in this packet supports the experiences of individual workers we interviewed.

Two members of the Laborers union applied and were hired to work by Stevens Construction on The Standard at East Library. Below are descriptions about their experience working for the company. These issues highlight the concept of "area standards" from their perspectives as construction workers with many years' experience. Area standards applies to wages, as well as safety and regard for the workforce.

Laborer 1 (3<sup>rd</sup> district resident)

*Worked there a few weeks, couldn't take it any longer. Was hired at \$14.50 an hour, well below usual scale. No benefits, after 1 month of employment Stevens would allow me to buy into health plan that would cost \$583 a month for a plan comparable to that offered by my union for free. Saw a lot of things of the jobsite that made me uneasy in terms of worker rights and quality of construction.*

Laborer 2 (Latino worker from Oconomowoc)

*Worked there a couple months.*

*No benefits, started at \$14.50 per hour, got up to \$17 when they saw the skills I had.*

*Jurisdictional boundaries were crossed all the time, they had workers do all types of work. Real different from what I was used to.*

*Less tidy of a worksite, no pathways, items in the way. One day when I went to the area where they kept the building materials it was covered with ice, and I fell down picking up some materials. I went to the foreman and told him about it, said we should do something about the ice. He said it wasn't my concern and to get back to work.*

*Not a secure or safe feeling jobsite. Difference in quality and approach to the work.*

*Foreman was pushy. An aggressive schedule. "Work faster or we'll find someone else."*

*Felt threatened.*

The prevailing wage for Laborers on building projects in 2014 was \$28.31 in wages, plus a benefits package (and this was the wage requirement was on the first floor). You can see from this attached data that Stevens paid workers one floor up less than half of the area standard. What does this do for the quality of the local industry or for the ongoing sustainability of construction employment for local workers?

The instances of variation from area standards did not only occur with only one trade.

In 2014 the prevailing wage for Drywall Tapers or Finishers was \$29.87 plus benefits. A construction industry representative who visited The Standard jobsite reports that he spoke to the Drywall workers, who were hired for "\$7-9 per sheet" of drywall. Again, we see a deviation from Area Standards by Stevens and their subcontractors in terms of wages. One of the Drywall workers was wearing tennis shoes, which is not in keeping with OSHA safety standards for personal protective equipment practice on a construction job site. The construction industry representative shared concerns about the wages being paid to the Drywall workers and about the tennis shoes with the Stevens foreman on site who replied "you know, I don't hire these guys, so you would need to talk to someone else". At a later date when the rep tried to go back on the site and was not allowed to enter to jobsite to talk to those Drywall workers.

The attached wage survey data on Carpenters employed on The Standard at East Library project reveals a range of wages from \$14.10 to \$34.24 per hour. Prevailing wage for Carpenters in 2014 was \$33.68 plus benefits.

The data on Cement Finishers' wages on the project presents a range of amounts. The most hours performed were at \$27.82 per hour, while the Prevailing wage for the trade is \$32.07.

Of additional note, The Standard at East Library did not have Residents Preference Program standards or goals on the project according to page 20 of the Public Policy Forum/NAACP report on RPP.

These 4 examples offer troubling examples of a contractor from Madison that did not contribute to long-term to career sustainability for the Milwaukee area workforce.

Wisconsin DWD keeps records of contractors' employment of apprentices, and the most current report shows Stevens Construction has 4 apprentices (attached to this packet, page 48). With a self-stated number of employees of 200 they could legally take on many more.

For comparison, the other companies named during ZND testimony by the proposed developer of the Goll Mansion project included C G Schmidt who has 24 apprentices; Tri-North who has 28, and Miron who has more than 200 apprentices listed. This information should be of interest to policymakers who wish to expand apprenticeship opportunities to Milwaukee residents.

Additionally, the Building Trades agrees with Alderman Nik Kovac's statement that a 20% optional local hiring proposal is a very "low bar" and we concur with the suggestion of Alderman Russell Stamper that any company seeking to pursue voluntary standards should be willing to put them in writing.

In conclusion, the Building Trades Council reiterates our concerns about erosion of Area Standards and encourages the Common Council to stand fast on the wage and local hiring standards they have created for sharing the benefits of economic development with the community.

Stevens Construction is the General Contractor at a new hotel at Mayfair Collection. The project has been at a standstill for approximately 7 weeks. At 90 days all the yellow board would have to be removed and replaced.



The East Library project was completed by Stevens several months later than originally contracted by the City/Milw Public Library (original date February 2014, extended to July 2014).