

March 18, 2014

The Honorable Andrew M. Cuomo
Governor
Executive Chamber
State Capitol
Albany, New York 12224

Dear Governor Cuomo:

The American Road & Transportation Builders Association (ARTBA) is a 112-year-old national trade association comprised of public agencies, private firms and other entities. Our affiliated chapters include the General Contractors Association of New York, the Construction Industry Council of Westchester County & Hudson Valley, the Associated General Contractors of New York State and the Long Island Contractors' Association. ARTBA's 6,000-plus members own, plan, design, build, supply and finance transportation projects throughout the country. Nationwide, our industry generates more than \$380 billion annually in U.S. economic activity and sustains more than 3.3 million American jobs. Many of the construction companies in our membership are small and/or family-owned businesses.

ARTBA has a long-standing policy of opposition to the use of Project Labor Agreements (PLAs) on federal-aid highway construction projects. The association believes these types of mandates are contrary to the open competitive bidding system that has served both New York and the nation so well for many decades. It should be noted that ARTBA's Contractors Division includes both union and open shop contracting firms, as well as many affiliated chapters whose members fall predominantly into one category or the other. ARTBA's policy on PLAs represents the consensus view of both types of firms and chapters.

As you know, federal highway investment is critical to your state's transportation improvement program. A recent analysis by ARTBA's economic team shows that from 2001-11, federal funds provided 54 percent of New York's capital outlays for highways and bridges, which is above the national average. As you also know, the federal Highway Trust Fund has been plagued by revenue shortfalls since 2008. While ARTBA continues to work with federal officials, Congress and our industry partners to enact a solution as soon as possible, there is no question that federal funding is constrained and every such dollar should be invested judiciously. Therefore, this is a particularly ill-advised time to inject new complications, such as mandatory PLAs, into an already challenged transportation construction marketplace.

Our members cite a number of compelling reasons why PLAs are inappropriate for highway construction projects. They include the following:

- PLAs can drive up costs on projects in various ways, many of which relate to their effect of limiting competition in the procurement process. Non-union contractors will almost certainly not bid on a project covered by a PLA, and even many union contractors will



forego participating if the PLA mandates business practices and/or project management principles contrary to those customary to the company. On the other hand, contractors may choose to bid on the project, but at a higher price to account for PLA-required deviations from a firm's normal operating procedures. In either case, project prices would likely increase.

- PLAs can preempt existing collective bargaining agreements between contracting firms and construction trade unions, which are actually the two parties most familiar with the complexities of these projects and are therefore best qualified to fashion related labor agreements.
- PLAs can create union jurisdictional issues. They often involve unions other than those that have customarily been parties to collective bargaining agreements relating to highway construction.
- Existing prevailing wage laws and regulations already ensure that contractors meet certain wage levels on federal-aid highway projects.

The transportation construction industry both nationwide and in New York has faced numerous challenges during the recent recession. On many occasions, ARTBA has pointed out that increasing regulatory and operational mandates (such as PLAs) only serves to worsen these obstacles to the industry's recovery. The preferred approach is for project owners, contractors and industry professionals to work together and ensure that projects are built with maximum levels of safety and efficiency, and minimal cost and disruption to the travelling public.

ARTBA hopes you will consider this national perspective on PLAs and the adverse consequences they pose. Moreover, if you wish to create new opportunities and improve the quality of life for New York's transportation construction workforce, we would respectfully suggest that you advocate forcefully for major, long-term increases in transportation infrastructure investment on the federal and state levels, as you have so eloquently done in the past.

If we can provide any further information, please contact Rich Juliano, ARTBA's senior vice president for strategic initiatives, at 202-289-4434. Thank you for considering these views.

Sincerely,



T. Peter Ruane
President & CEO

cc: Denise Richardson, General Contractors Association of New York
Ross J. Pepe, Construction Industry Council of Westchester County & Hudson Valley
Michael J. Elmendorf, Associated General Contractors of New York State, LLC
Marc Herbst, Long Island Contractors' Association, Inc.