

Broken Promises, Big Losses

*The story of DC workers watching from the dugout
as the \$611 million Washington Nationals Ballpark is built*

A study by the District Economic Empowerment Coalition

October 1st, 2007

The study 'Broken Promises, Big Losses' is authored by the District Economic Empowerment Coalition (DEEC). Founded in 2005, DEEC is an alliance of businesses and community-based organizations that promotes inclusive economic opportunity in the District of Columbia, with an emphasis on economic opportunities for historically disenfranchised individuals and groups. DEEC is a 501(c)6. Learn more at www.dceec.org.

Executive Summary

The District's new \$611 million Ballpark was intended to produce numerous jobs and opportunities for local residents. Instead, most of the work has gone to residents from outside the city.

Finding #1

Non-DC residents have worked twice as many hours in the highest paying jobs* as DC residents.

- Project Labor Agreement (PLA) requirement: At least 50% of 'journeyperson' hours (that is, those hours in the highest paying jobs) must be performed by DC residents.
- Actual result: Non-DC workers have worked 506,926 journeyperson hours (71.1% of total journeyperson hours), while DC residents have worked just 206,444 journeyperson hours (28.9%).

Finding #2

DC Residents have not received the apprenticeships* – and job training opportunities – they were promised.

- PLA requirement: 100% of new apprenticeships must go to DC residents.
- Actual result: Half of the firms involved with Ballpark construction have hired no new apprentices; of those companies that have hired new trainees, only 17 (of 56) have met the 100% requirement.

Finding #3

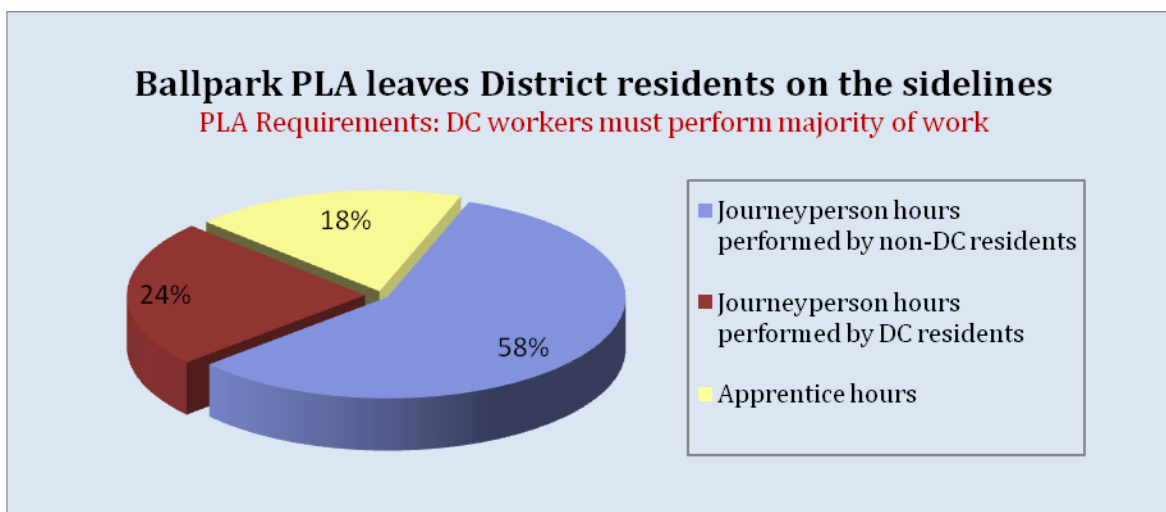
Most contractors hired no new employees, or hired a majority of their new employees from out-of-DC.

- Requirement: At least 51% of new hires must be DC residents.
- Actual result: Just one-third (34%) of firms hired new employees and met the 51% requirement.

Finding #4

0% of ballpark contractors (0 out of 56) have met all four Project Labor Agreement requirements.

- Many contractors did not meet a single requirement, some hit only a few – but not a single firm fulfilled each of the four guarantees for DC residents.



* Note: The term "journeyperson" refers to construction workers who are proficient in a given trade and who are paid at the highest scale. The other kind of worker in construction is an "apprentice." The term "apprenticeship" refers to a program that trains a worker in the skills of a particular trade. The apprentice is compensated for work performed under the supervision of a journeyperson, but is paid a fraction of a journeyperson's wage.

The DC Ballpark Project Labor Agreement: *Broken Promises, Big Losses for DC Residents*

A \$611 million government investment should have been a homerun for District residents.

In March of 2006, after successfully courting the Montreal Expos to move to the Nation's Capital, the District of Columbia signed a lease agreement to spend up to \$611 million to build a new baseball stadium. The new Washington Nationals Ballpark was built for a variety of reasons, but a critical selling point was the assurance of thousands of jobs for DC residents.

In a deal to give District residents priority in the construction of the stadium, a Project Labor Agreement (PLA) was signed in March 2006 by Mayor Anthony Williams, the construction trade unions, the construction manager (Clark/Hunt/Smoot), and the District's Sports and Entertainment Commission. (A PLA is an agreement sometimes negotiated between cities or states and the local Building and Construction Trades Councils (labor unions) to establish a set of rules to be followed by all firms bidding on the construction project.) The PLA detailed the contractual obligations of the contractors wishing to participate in the Ballpark construction; requirements included mandates that 50% of the journeyperson hours would be performed by DC workers, 100% of apprenticeships would go to city residents, and at least 25% of the total work hours would be performed by apprentices.

Ballpark construction is striking out for DC.

The day after the Project Labor Agreement was signed, the headline of the *Washington Post* read, "D.C. Council Approves Stadium Labor Pact; Residents Are Assured Jobs, Backers Say."¹ A press release from a local labor union read, "DC Stadium Project Labor Agreement Generates Jobs for DC Residents."²

Without a doubt, the District's \$611 million investment to build the new baseball stadium presented a tremendous opportunity – desperately needed jobs for DC residents – and the PLA was signed to ensure the agreement delivered tangible results for the city.

But nineteen months and hundreds of millions of dollars later, the terms of the Williams Administration's PLA have been violated in nearly every instance. **In fact, not a single contractor has complied with each of the four PLA requirements** (56 firms have participated in the Ballpark construction as of this printing). The construction of the Ballpark has been a disaster for the District, with city workers and residents passed over for out-of-town workers.

Not a single contractor has fulfilled each of the four PLA requirements.

One unchallenged statistic sums it up: **Less than 29% of hours in the highest paying jobs have been performed by DC residents.**³ That's not all: only 30% of firms have hired new apprentices and met the 100% requirement for DC residents, and only 34% of firms have made new hires and met the requirement that at least half of new workers must be from the District.

This report details how the guarantees of the PLA – and the interests of Washingtonians – have been ignored. The reasons include contractors and unions not willing to devote the energy and time into basic job recruitment, and a lack of city oversight. But the bottom line is plain: **District residents are watching on the sidelines as the \$611 million Ballpark is built primarily by out-of-town workers.**

Broken Promise #1:

"The Parties agree that bona fide City residents shall perform fifty percent (50%) of all journeyperson ... hours worked on a craft by craft basis."

–Project Labor Agreement (Article IV, Section 4)

Note: The term "journeyperson" refers to construction workers who are proficient in a given trade and who are paid the highest wages. The other kind of worker in construction is an "apprentice" (paid less and described on the following page).

Strike One:

Non-DC residents have performed the vast majority of work on the Nats ballpark.

Requirement:

50% of hours in the highest paying jobs must be performed by DC workers.

Cumulative journeyperson hours worked on Ballpark construction	713,371 ⁴
Required DC journeyperson hours to meet 50% requirement	356,685
Actual hours performed by DC workers	206,444
<u>% of total journeyperson hours performed by DC residents</u>	28.9%
Trades that met 50% requirement	1 (of 19)
Contractors that met 50% requirement	4 (of 56)

Critical Statistic

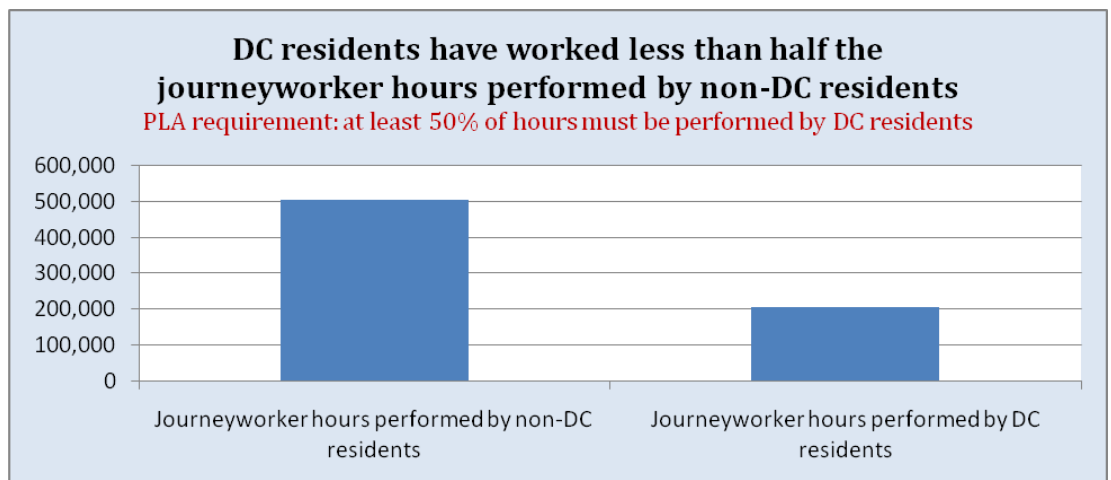
The number of 'journeyperson' hours performed is the central statistic.

Journeyperson jobs are the 'good jobs' on a construction project; as noted above, this is the work for which an employee receives the highest pay (as opposed to an apprentice, who makes a fraction of a journey-worker's wage).

It is critical to distinguish this statistic from that of 'new hires.' In many instances, a contractor has met the requirement to make 51% of new hires DC residents, but fallen far short of the critical requirement that 50% of journeyperson hours to go to city workers. This occurs because either the contractor has made few or no hires (and thus used previously employed out-of-town workers), or the contractor has given the new hires little or no work. Either way, the contractor has failed to deliver for DC residents.

Bottom line

District residents have been left out of more than 150,000 hours of the highest paying work promised with the PLA agreement.



Broken Promise #2:

“Contractors will employ only bona fide City residents as new apprentices (100% of all new apprentices shall be bona fide City residents).”

–Project Labor Agreement (Article X, Section 3)

Note: The term “apprenticeship” refers to a program that trains a worker in the skills of a particular trade. The worker is compensated for work performed under the supervision of a journeyman, but is paid a fraction of the normal wage.

Strike Two:

DC residents have not benefited from the promised apprenticeships.

Requirement:

Firms must provide 100% of their new apprenticeships to DC residents.

Number of contractors	56 ⁵
Number of contractors hiring new trainees (‘apprentices’)	28
Number of contractors that met 100% requirement	17
<u>% of contractors that hired new trainees and met requirement</u>	<u>30%</u>

Apprenticeships are critical

The firms involved in the Stadium project were required by the Project Labor Agreement to hire DC residents as trainees not only to provide jobs for local workers, but to present an opportunity for city residents to get valuable on-the-job training.

This was such an important component of the PLA, that firms were required to hire **100% of their new trainees** from among residents of the District of Columbia.

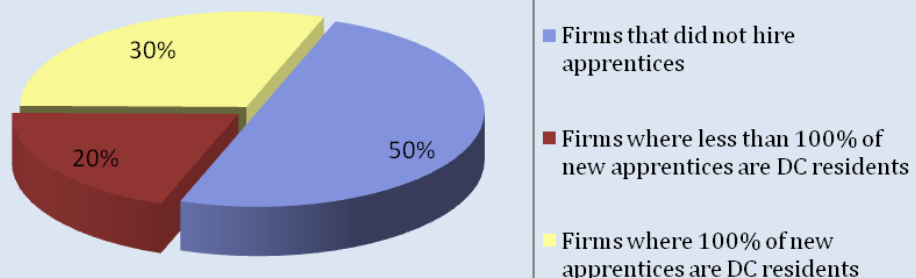
Eleven contractors violated this part of the agreement by hiring new out-of-town trainees. Moreover, half of the firms violated the spirit of the agreement – to hire new apprentices – by not hiring any new trainees.

Bottom line

Because 70% (39 out of 56) of firms either hired no new trainees at all, or did not meet the 100% requirement, District residents were deprived of countless apprenticeships and opportunities.

Less than one-third of firms involved with ballpark construction hired all DC residents as apprentices

PLA Requirement: 100% of new apprentices must be DC residents



Broken Promise #3:

"51% of All New Hires Must Be DC Residents."

–First Source Requirement as referenced in PLA Taskforce Report

Strike Three:

Most firms have either failed to hire new employees, or the majority of their new hires have been from out-of-town.

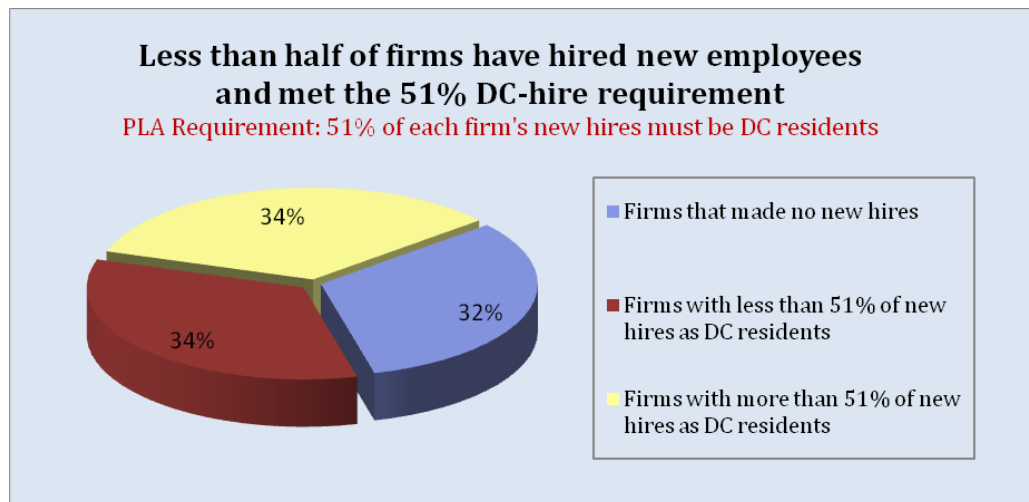
Requirement:

51% of new hires must be DC residents.

Number of contractors	56 ⁶
Number of contractors with new hires	38
Total number of contractors with new hires that met 51% requirement	19
% of firms that made new hires and met 51% requirement	33.9%

Bottom Line

The majority of firms either did not meet the 51% requirement, or did not make any new hires at all.



Other Broken Promises

Time and time again, District residents – and the terms of the PLA – have been ignored.

Required apprentice hours (PLA requirement: 25% of total hours must be performed by apprentices)	218,667 ⁷
Actual apprentice hours performed	161,296

Number of firms violating goal that 50% of all apprentice hours must be performed by DC residents, or those firms with no DC apprentice hours at all	36 (of 56)

Number of firms that met each of the four PLA requirements	0 (of 56)

Conclusion: Stadium Project Fails to Benefit City Workers

Every term of the PLA – meant to give city residents a leg up in job opportunities – has been violated.

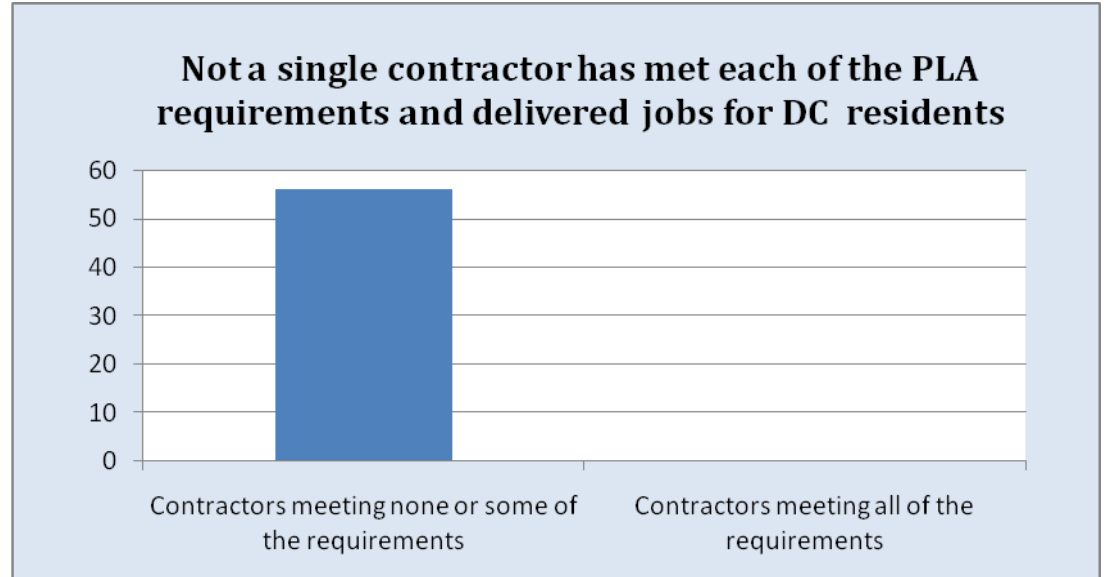
The Nationals haven't played a single game in their new stadium, yet the ballpark itself already has a record of failure.

The Williams Administration's Project Labor Agreement for the new Ballpark construction was signed with the expressed purpose of bringing jobs to District workers. The various parties involved agreed to the stipulations in the PLA – a legally binding contract.

Yet the parties involved did not live up to those stipulations. The contractors have violated the contract by failing to meet multiple benchmarks designed to ensure DC workers benefited from this massive publically funded construction project. The broken promises include:

- Failing to meet the requirement that at least half of all journeyperson hours will be performed by DC residents
- Failing to hire apprentices who are DC residents
- Failing to hire more than half of all new employees from among DC residents
- Failing to have apprentices complete a minimum of 25% of total work hours
- Failing to provide adequate hours for DC apprentices
- 0% of contractors – 0 out of 56 – met each of the four PLA requirements.

By failing to meet these requirements, a windfall of new jobs, new income, and new opportunities has been taken from District residents.



¹ Washington Post, June 22, 2005

² Press release from AFL-CIO Washington, DC Metro Council, June 16, 2005

³ Project Labor Agreement Task Force Report, as of July 31, 2007, received at September 20, 2007 meeting of the Project Labor Agreement Task Force (441 4th St, NW, WDC, Room 1117; 6:30pm). *Note: The data cited comes from the Project Labor Agreement Task Force and has not been independently verified. A follow-up report will independently review all data.*

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.