



Asphalt Pavement Association of Oregon

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March 20, 2023

Senate Committee on Labor and Business
Oregon State Capitol
900 Court St NE
Salem, OR 97301

RE: Senate Bill 850

Dear Committee Members:

The Asphalt Pavement Association of Oregon (“APAO”) represents Oregon companies that range in size from international corporations to small family-owned companies. APAO is not a lobbying organization, and it is neither for nor against unionization – APAO is for promoting high quality asphalt pavements regardless of company type or model. Although there are union asphalt pavement contractors in Oregon, most are open shop. A commonality among all pavement contractors is that public improvement projects are very important to their businesses. APAO opposes SB 850 because we believe there will be unintended consequences that would cause significant harm to companies large and small and greatly outweigh any potential benefit.

SB 850 initially would have required project labor agreements (“PLAs”) on public improvement projects of at least \$1 million, and the -2 amendments allegedly provided an option to allow open shop contractors to perform such projects without PLAs. The feedback to me from APAO members is that the -2 amendments do not provide a practical alternative because of the burdens associated with becoming a training agent and meeting the required apprenticeship requirements, among other reasons. However, because others have and will cover the problems with those aspects of the bill, I will focus on other important points.

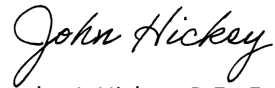
Workers Are Not Looking for Unions: I know the people who own and operate asphalt pavement companies across the state. I have been to their projects, and I have met the men and women who work on their crews. I have come across individuals who are closely connected to their communities and who treat their employees like family. On public projects they already pay prevailing wage rates and do whatever they can to treat their employees well. I have not come across an open shop crew anywhere where I felt as though they needed or wanted to be part of a union and I know of no case where the -2 requirements would have changed how employees were recruited or trained.

Public Procurement is Already Too Complex: Contractors need to be prequalified, have bonding capacity, meet special insurance requirements, keep certified payroll records, and more. We are already seeing some of the family-owned companies shift away from public work because of the trickiness – and having fewer local companies competing for public work is not good for the industry or the local community. Adding project labor agreements or training agent requirements will make the process even more complex. That added complexity will further deter open shop contractors from competing for public projects – especially with respect to the smaller family-owned companies.

Less Competition is Bad for Oregon: Competition is essential for reasonable pricing. Construction is a highly competitive industry. Contractors are constantly trying to figure out how to build projects more efficiently than their competitors. Without healthy competition, there is less of a need to figure out better ways to build projects and that increases costs. Because SB 850 would increase direct costs, add complexity to an already complex process, and deter open shop contractors from competing for public improvement projects, there will be a smaller pool of public improvement project pavers – and that would increase costs for all public agencies.

For most Oregon asphalt pavement companies, the open shop model has served them, their communities, and their employees well. Based on my interactions and my experience, I do not believe that SB 850 would solve the problems its proponents purport it would solve and I believe that the unintended consequences would be significant. For the reasons stated above, APAO opposes SB 850.

Sincerely,

A handwritten signature in black ink that reads "John Hickey". The signature is written in a cursive, flowing style.

John J. Hickey, P.E., Esq.

Executive Director