



Press Release

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STUDY: PRO-UNION ORDINANCES LIMITS BIDS, RAISE PRICES

Worcester Research Bureau findings applicable to Springfield

SPRINGFIELD – As the City Council contemplates pro-union ordinances, Springfield can look to the City of Worcester to see the true impact of rules that restrict competition for city construction projects. In a February 2008 study of Worcester's construction ordinances, the Worcester Regional Research Bureau concluded, "This requirement has the likely affect of reducing the supply of bidders and increasing the cost of the project."

"Before the Springfield City Council blindly passes ordinances written and lobbied for by organized labor, they should do their homework and see what has happened in other cities with similar ordinances. The number of bidders on city projects will drop and the prices will increase, and that is not in the best interests of the taxpayers of Springfield," said Ronald Cogliano^[1], President and CEO of the Merit Construction Alliance. "Of the proposed measures before the city council, one is unconstitutional and all will raise the cost of public construction in Springfield."

After studying the impact of Worcester's REO, the Research Bureau concluded:

– "The one local requirement that was consistently cited by both companies and public officials as a deterrence to bidding was Worcester's Responsible

[1] Cogliano is one of 74 members of the Research Bureau's Board of Directors. According to the Research Bureau, the Board of Directors has no role in determining research. "The Board of Directors elects a thirteen-member Executive Committee which meets monthly and sets policy for the organization. The four-member staff reports directly to the Executive Committee. The Executive Committee, in collaboration with the staff, determines which research shall be undertaken."

Employer Ordinance (REO). Specifically, it is the section which requires that all bidders participate in a bona-fide apprenticeship-training program for each trade and occupation from their firm engaged in a particular project, which restricts competition. This requirement has the likely affect of reducing the supply of bidders and increasing the cost of the project.”

– “The one requirement of the REO that has an unambiguously anti-competitive effect is the apprenticeship training. To regularly maintain and participate in a state-certified apprenticeship-training program for all trades is too difficult every contractor. By imposing this requirement on all prospective bidders, the REO reduces the number of bidders.”

– “[T]he available evidence (in Appendix A) indicates that the City often receives only one or two bids (and generally from the same few contractors) per project, and the bid price is often higher than had been estimated by the City’s architect or engineer. Moreover, since we found no evidence that the REO has

– actually increased the amount of apprenticeship training being done in Worcester, it seems unlikely that rescinding it would decrease the supply of skilled construction labor.

– “In order to increase competition and reduce price, The Research Bureau recommends that the Worcester City Council rescind the Responsible Employer Ordinance.”

As further evidence of increased cost, the report listed comparisons of public works projects in Worcester and surrounding municipalities that do not have an REO. The comparisons show conclusively that the City of Worcester went over budget on almost all of the city’s publicly funded construction projects, whereas public construction projects in the surrounding communities without REOs consistently came in between 27-30 percent under budget.

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