



Letter from the Executive Director Robb Kahl

Prevailing Wage is a phrase you've probably heard many times, but do you know how critical these laws are to your career and financial well-being?

Public construction drives the health of the entire construction industry in Wisconsin. Unlike private industry, public construction projects generally have to be awarded to the lowest bidder. Prevailing wage laws set the floor for wages on public construction projects. By setting the minimum wages that must be paid on public construction projects, contractors are unable to underbid public projects by paying their workers substantially less than normally received by workers in an area. Prevailing wage laws protect local contractors that hire local workers and pay them the market wage rates for that area.

In 2015, the Wisconsin Legislature repealed prevailing wage laws for municipal projects. The partial repeal went into effect on Jan. 1, 2017. The Wisconsin Contractor Coalition recently released data showing that the repeal of municipal prevailing wage law has resulted in a 53% increase in municipal work being awarded to out-of-state contractors in the first fourth months of 2017. These contractors are coming from as far away as Florida and Kentucky to bid on small municipal projects.



Robb Kahl

The Wisconsin Legislature is now threatening to repeal prevailing wage laws for state projects, such as university projects, agencies buildings and state road projects. If contractors from Florida and Kentucky are bidding on the smaller municipal projects, there is little doubt that they will bid on the bigger state projects as soon as there are no prevailing wage laws in place.

Study after study shows that states without prevailing wage laws have lower construction worker wages, fewer and smaller apprenticeship programs, a less skilled workforce, and more work-related injuries and fatalities. And when a public construction project is done by out-of-state

contractors and workers, the taxpayer dollars used to pay for the project leave the state. The total, negative impact on the Wisconsin economy is projected to be \$1.2 billion a year if prevailing wage laws are fully repealed.

Let me be blunt. State prevailing wage law repeal is a real, immediate and dire threat to your career and financial well-being. The legislators who are pushing for the repeal are Republicans. You may have voted for the very people that push for policies that will harm you, your family and the entire construction industry.

Robb Kahl,
CBG Executive Director

TAKE ACTION

Contact your Senator and Assembly Representative and tell them preserve what remains of Wisconsin's prevailing wage laws. Go to cbgwi.com to get the e-mail and telephone number for your elected legislators.

Laura Cataldo presenting to high school students at the Externship Day, April 27, in Coloma.

Advancing Workforce Development

Construction Business Group remains dedicated to meeting the needs of the construction industry through focused workforce efforts. April and May were busy months for CBG's outreach efforts. We appreciate the ongoing support of the Operating Engineers Training Center and our contractors.



COLOMA EXTERNSHIP

On April 27, we hosted an externship at the training center in Coloma for 130 educators and students to learn more about the exciting career of an Operating Engineer. The guests had an opportunity to tour the training center, test their skills on simulators, and learn from current apprentices and employers about this career path. A special thank you to The Boldt Company and Michels Corp. for joining us at this event.

"...yesterday's sessions went amazingly well. Very well coordinated and I believe that everyone that listened learned a lot. The apprentice and contractor panel was exactly what every student in the room needed to hear! Much better for them to hear that information from others than their parents."

Based on the overwhelming positive feedback, we have already scheduled the next event for October 18. We welcome your participation.

Our Pre-Apprenticeship Program: Example of Greatness Nationally

Midwest Transportation Workforce Center's National Transportation Week featured the Destinations Career Academy Pre-Apprenticeship program. We are proud to be a national example of excellence in workforce development. More at cbgwi.com

School Administrators Look At Pre-Apprenticeship Program

On May 10, CBG attended and presented at the Wisconsin Association for School District Administrators Convention. Dr. Lynn Brown from Montello School District joined us to share her perspectives on how Destinations Career Academy is a perfect way to enhance program offerings and engage students.

Career Trends:

The National Association of Home Builders released the 2016 survey results taken from 2,001 young adults. The primary objectives of the analysis shed light on the attitudes of young adults toward the trades.

According to the study, only 73 percent of the young adults knew what field they are interested in for a career. Of those only three percent selected

the construction trades, with the most important benefit being good pay, followed by it 'provides useful skills'.

(Keep in mind that the construction trades make up a much larger percent of the workforce in the U.S., with some cities reporting a 50 percent shortage in skilled construction labor.)

About two-thirds responded there is no or little chance they would work in the construction trades due to wanting a less physically-demanding job and the

notion that construction work is difficult.

Do the survey results reinforce what we already know? Absolutely. Is construction misunderstood by this younger, techier generation? Indeed.

We need to continue to promote the use of technology and how it impacts the work performed by Operating Engineers. GPS technology, lasers, and drones are changing the way we work and are the tools we must share to excite and engage younger generations.

PHOTO FROM MCMULLEN & PITZ

MCMULLEN & PITZ CONSTRUCTION COMPANY

By Erich Pitz, President, McMullen & Pitz Construction Company and Neil Strobel, CBG wage and hour investigator

McMullen & Pitz Construction was founded in Manitowoc in 1918 when Oliver McMullen and Arthur Pitz partnered together to form a quality marine and heavy construction services company. The years immediately following were marked by continuous improvements to the surrounding community. This paved the way for decades of successful projects servicing the Wisconsin and Upper Michigan shorelines.

Eight years later, in 1926, Oliver McMullen sold his interest in the company to Emil Weber and retired to Florence County, where he built a retirement home and maintained his involvement with marine construction, while Arthur Pitz remained with the company. Mr. McMullen passed away in Stambough, MI, on Aug. 9, 1950.

Arthur H. Pitz continued the legacy by having his son, Willot, assumed control of the company. Equipped with a degree in civil engineering, Willot Pitz picked up where his father left off. Years later, Willot Pitz's son Erich, joined the

company as a general laborer and rose through the ranks to the position of vice president. After Willot Pitz's death in 1997, Erich became president of McMullen and Pitz Construction Company, and continues to serve in that capacity.

McMullen & Pitz Construction Company continues to be a family-owned and operated business with a rich history of providing marine and heavy construction services throughout Wisconsin and Upper Michigan.

McMullen & Pitz has been servicing Wisconsin for over 90 years. Specializing in cable river crossings for water mains, sanitary sewers, gas mains, power and telephone cables, water intakes, wastewater effluent lines, and the removal of contaminated soil from lakes and rivers, we have a spotless history of active involvement and successful completion of marine and heavy construction projects. Services provided include: Dredging, sheeting and cofferdams, shoreline protection, bridges, pile driving, submarine pipelines, marina

construction, dock construction, and mobile crane service.

"We are a specialty contractor and wear a lot of different hats" says President Erich Pitz. "Our employees can handle a variety of projects because they're highly experienced and have diverse skill sets. We also have the heavy equipment to get the jobs done."

McMullen & Pitz became signatory to the Operating Engineers Local 139 Great Lakes Floating Agreement in 1975, Greater Milwaukee Master Builder Agreement Area 1 in 1981, and the Building, Heavy and Municipal/Utilities Construction Master Agreement Area II in 1993.

OUR VALUES AS A LOCAL 139 SIGNATORY CONTRACTOR:

- Operating Engineers Local 139 has qualified and competent personnel to help in the marine industry, which is a source to pull personnel for filling the labor void.
- Using our business agent as a resource to team up with other 139 contractors when we work in new areas.



Once again, CBG was a sponsor for KBW's youth outreach event in Madison. Over 2,600 kids attended this year's event - providing the perfect opportunity to spark excitement about construction careers early in the minds of kids and their parents. Congratulations to Tri-North on another well-orchestrated event!

There are many more stories to tell about districts we have met with thanks to members and contractors spreading the word. We appreciate the support! More at: kidsbuildingwi.org



GHOST WORKERS & Prime Contractor Liability

By Dean Meyer, CBG wage-and-hour investigator

LOCAL 139 PHOTO BY DOUGLAS CHEEVER

Across the state, day in and day out, many workers come to work in the morning and find the work they had been doing the day before, or on Friday afternoon, has somehow been completed. The worker(s) move on to another work assignment and the construction project eventually gets completed.

Depending on the specific work trade, the unknown work that is done during the evening or on the weekends can be obvious or it can be very discrete. The question of who is doing the work is known by someone, usually a sub-contractor, but may not be known by the primary contractor for the specific job site.

These workers, often referred to as “ghost workers” are most often found in the building construction trades. Workers responsible for masonry, roofing, drywall, painting, and flooring, appear at a construction site after normal work hours, or on weekends, and may work 8 to 14 hours a day. The use of ghost workers also appears to be rising in the landscaping business.

The appearance of ghost workers on construction projects is a growing

concern because sub-contractors often use these unknown ghost workers to do their work for a lesser wage and with no work related benefits such as health insurance, workers compensation and unemployment. While this type of employment arrangement might save the sub-contractor substantial money, a ghost worker could become a major liability for the prime contractor and eventually the owner of the project.

Injuries in the construction trades can happen. But when a ghost worker becomes injured while on the job site, a question arises as it relates to who pays the bill. The sub-contractor has no insurance or workers compensation coverage on that employee. When this happens, the payment of the bill could flow up the chain of project ownership. That means the prime contractor and/or the owner of the project, private or public, could be held responsible.

At a time when litigation and legal actions are becoming a more common day practice, prime contractors and project owners have an increased need to pay extra attention to who is working on their job site. Whether liability is imposed on the prime contractor or project owner will likely come down to what a supervisor, an administrator, or the department head “knew or should have known.” Turning a blind eye does

not relieve them of liability.

During all construction projects, prime contractors have many responsibilities and duties to insure a quality product and project is completed. Simply put, the use of ghost workers on a project puts that project at risk.

All successful business owners fully realize the need for risk management. For prime contractors and project owners the answer to this high risk worker situation is an easy one. Know who is working on your job site. Prime contractors can even go one step further and announce to your sub-contractors, in writing, before work begins, that the use of ghost workers on the project is unacceptable and will not be allowed.

If you think that ghost workers are being used on a job site, contact Construction Business Group and we can help.

This article is intended for informational purposes. Employment situations differ. But if you have questions regarding fringe benefits, wage or any other employment concern, please contact Construction Business Group at cbginfo@cbgwi.com or 608-240-4170. Dean Meyer, based in Bruce, is a wage-and-hour investigator with Construction Business Group.