

Baltimore councilman may revive labor bill

If passed, developers would be forced to hire union workers

by Daniel J. Sernovitz, *Baltimore Business Journal*, August 13, 2010

Baltimore City Councilman Bill Henry is trying to revive a controversial bill that would require some developers and contractors to give preference to union labor.

The problem with the bill is that it requires contractors to give preference to city workers, a prospect even opponents support. But while that is just what Henry said he wanted to accomplish with the legislation, Assistant City Solicitor Ashlea H. Brown said the provision violates the U.S. Constitution and the city's own charter.

According to the law department, the Constitution's Privileges and Immunities Clause prohibits local governments from imposing local hiring rules. Henry said it could take until Sept. 20, at the earliest, to schedule a new hearing for the bill.

The bill has created a sharp division between the city's union and non-union contractors, even though its critics and supporters alike say City Hall should do something to get unemployed Baltimoreans back to work. But they disagree on whether giving preference to union members will create or kill job opportunities for city residents.

The proposal would require contractors working on projects worth \$5 million or more to enter into agreements with the city and its local labor unions. Those agreements would require contractors to offer jobs to members of the city's local labor unions before seeking non-union workers. Included would be developers receiving tax breaks from the city.

The proposal would impact some of the city's largest private developments, including Patrick Turner's Westport, H&S Properties Development Corp.'s Harbor Point, and Penrose Properties' Uplands redevelopment. The Baltimore Development Workgroup, which represents developers in the city, is against the bill.

Joseph R. Woolman III, a representative of the development group, said he believes the law could have profound "unintended consequences," including cutting down on the number of new projects built in the city and thus the number of jobs available for city residents.

"At a time when projects face a myriad of challenges that preclude developers from doing business in Baltimore City, we simply cannot afford to inflict further damage to an already demanding economic environment," Woolman said.

But representatives of union companies say the bill will ensure city residents get hired for lucrative construction projects at a time when the city's unemployment rate hovers around 11 percent. James Anastase, business manager with the Laborers' International Union of North America's Baltimore chapter, said the city spends hundreds of millions of

dollars on tax breaks for developers. Those developers are not obligated to hire city workers.

“This is our city, it’s our tax dollars, our residents should be involved,” Anastase said.

The union has about 550 members in Baltimore, and 850 across Maryland. Anastase said the bill would help put those city residents back to work by giving them preference over workers who live outside Baltimore.

“It’s clearly a very divisive issue,” said Baltimore City Councilman William H. Cole IV. “There are two radically different camps as to what the bill would do. It’s tough because Baltimore has a high unemployment rate, and you do want to do things that will create jobs.”

Cole is a member of the City Council’s Taxation, Finance and Economic Development Committee, which held an hours-long public hearing on the bill July 29. More than 100 people attended the hearing.

The committee has suspended action on the bill until Henry resolves the law department’s concerns. Henry can either revise the bill to bring it in line with the law department’s concerns or abandon the legislation.

Henry sponsored the bill on behalf of the Laborers’ International Union, which donated \$3,000 to his 2007 campaign for City Council. Henry said he would have sponsored the bill regardless of whether the union donated to his campaign and that the aim is to help lower the city’s unemployment rate.

Baltimore contractor Karen Tisdale said while that is an admirable goal, the city already has programs designed to train workers and help place them with companies looking to hire. Tisdale, owner of Baltimore’s Fallsway Construction LLC, said the Mayor’s Office of Employment Development was created specifically to help city contractors find and hire Baltimore’s unemployed.

That office oversees programs including former Mayor Sheila Dixon’s Residents First initiative, which helps developers and contractors find city residents to staff their projects.

“City residents should have an opportunity to work or be a part of those city projects, but I don’t think we need a union to do that,” Tisdale said.

The bill could not come at a more difficult time for non-union city contractors, already scrounging for work in the depressed economy, said Christopher Schuster. Schuster, of Baltimore’s Schuster Concrete, said he believes the bill will require the city to spend more on construction projects.

Schuster said it could also discourage developers from building new homes or office complexes because of the increased cost of doing business with union firms.

“Businesses right now are being suffocated,” Schuster said. “It’s like a snake wrapping itself around business and squeezing the life out of the businesses.”