

Testimony of John F. Biagas

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To the subcommittee on Regulatory Affairs, Stimulus Oversight and Government Spending

Mr. Chairman, Ranking Minority Member and Members of the Committee, Thank you for allowing me to give testimony regarding Impediments to Job Creation and the cost of doing Business in the Construction Industry.

Being the youngest of 14 children (8 boys and 6 girls) originally from Lake Charles, Louisiana I have had the opportunity to work in the Electrical and General Construction Field for many years. The electrical trade is one that all of the males in the family learned from our Father, Alvin J. Biagas whom was a Master Electrician. Most of us learned both on the job and some later served as Electrical apprentices trained in the classroom through the IBEW Local 861 in Lake Charles and I served apprenticeship with IBEW Local 26 here in Washington DC. From 1987 to 1991. I am a licensed Master Electrician in the State of Virginia, Maryland, Georgia, Louisiana, North Carolina, Washington DC and several other states.

In the spirit of the American Dream, I purchased Bay Electric Co., Inc. in 1997. Bay Electric is a Non-Union (Merit) shop and began in business over 47 years ago. The Company had revenues of just over \$1MM when I brought it and over the years our Team has grown this enterprise over 85 times that size. We have grown the size of our workforce from 18 when I purchased it to 190 today. Our work force has 155 field workers which are Licensed Electricians (95), Apprentices (30 registered in a Federal - State approved program), Foreman, Laborers and Superintendents. Our office staff of 35 persons consists of Project Managers (GC and Electrical), Estimators, Project Manager Assistants, Accounting staff, HR, Administration, Executive managers and warehouse workers.

Bay performs a substantial amount of construction and service work with the Department of Defense, Army, Navy, Air force and other defense support groups along with State and Local Governments and private customers from Maine to Florida and as far west as Louisiana. These projects range in size from \$31,000,000 to as small as a \$68.00 service order. We perform large scale complex Electrical projects which include, low voltage, fire alarms, lighting, high voltage up to 35KV, controls, motors and many other electrical tasks. Bay also is a full service General Contractor which over the last 5 years has performed over \$300MM of Design Build and renovations projects as both Prime contractor and Sub Contractor for numerous Federal Clients

such as USDA, DOD, and Homeland Security along with many others. All of the projects were completed on time and on or under budget. Bay has a 99.98% on time project completion rate and has never been assessed liquidated damages for late delivery by Federal or any other customer. Bay Electric has a 99.97% on Budget completion rate. On Safety Bay has an EMR of .91 which is very good for our industry and we fully expect this rate to decrease again this year after the insurance safety audit is performed.

Attached you will find a listing of projects received since 2008 and I will point out a couple as examples: Bay has completed several projects as a part of BRAC in our region and throughout the south such as the 16th CAV General Instruction Complex Battalion Headquarters at Fort Benning Georgia valued at \$9,253,845. This General Construction project consisted of designing and building Three Army HQ buildings; a small (16,000 Sq. ft.), medium (17,000 Sq. Ft.), and large (18,000 Sq. Ft.) HQ building. This project was designed in 6 months and construction completed in one year which is a huge task. We had no accidents and were below budget on the task from the U. S. Army Corps of Engineers in Time for the solders moving on base from other closed bases. Bay received an above average rating for this project from the Corps.

Bay also completed a Grow the Force-Unit Maintenance HQ Facility at Fort Campbell, KY valued at \$5,466,072 and completed in 16 months on time and on budget, design time was four months and the 31,000 square foot facility was completed on time even with numerous unforeseen site issues. This also was a project managed by the U.S. Corps of Engineers Louisville District, and Bay also received an above average rating on this project.

The issue I wish to discuss with the Committee is Executive Order 13502 which encourages Project Labor Agreements on Federal projects over \$25MM and effectively discriminates against over 85% of the construction industry. Unions account for less than 6% of the private work force in Virginia and over 90% of the work both Public and Private is performed by Non Union firms such as Bay Electric. No merit shop contractor would sign a PLA because among other things the non-union workers would have wages taken out for Health plans, welfare, retirement and other deductions to which the worker will never see a benefit paid back as they would not be vested and part of the union plans. Union Only agreements drive up costs by limiting competition and in Virginia less than 5% of the construction firms are union; these agreements have a chilling effect on the number of firms which would participate in such bids. Unions also have a huge issue with the unfunded pension liabilities and Merit shop contractors would be crazy to take on these massive liabilities with no benefit to the workers.

PLA's also drive up costs by enforcing inefficient work rules and severely limit production which hurt moral and in most cases add numerous man-hours to projects and drive up costs both

direct and indirect. With the tenuous state of our economy nationally and the difficult times we are in with real construction unemployment over 23% can any Government entity afford to waste precious funds? As a former Union member it troubles me that Unions would want a special deal **"just for them"** when fair competition is a cornerstone of our economic system. The proponents of PLA's will say that labor work stoppages are a benefit of using them. The truth is that there has never been a man-hour lost to strikes, picketing, work stoppages, slowdowns or other disruptive activity on the non-union merit side, just the union side. As a former union member I witnessed firsthand the tactics used by unions to slow down work and drag out projects for the unions benefit. PLA proponents will also say that they help promote fair wages and higher pay. This also is a farce we at Bay Electric pay on average more than the unions in wages, benefits and offer paid vacations, Holiday pay, Health insurance, and Retirement 401K plan along with profit sharing paid two times per year based on merit and our workers are employed year round and are rarely laid off as normally happens on the union side.

Seven states have recently passed Non-PLA legislation because they realize that the political union payback is much too expensive and will subject the states to wasteful spending and also would hamper job creation and encourage waste.

In closing the folks also affected by PLA's are the ethnic minorities whom do not belong to a union and would have no hope of being employed by these union shops as shown in the attached Washington Nationals Stadium study. Union minority membership rates are horrible and Union leadership does not represent minorities in any fashion except a few token positions at most union halls. PLA's on the surface are racist and should not be allowed to be adopted in federal projects.

Thank you Mr. Chairman and Committee