

**From:** John Quarnstrom [<mailto:john@smarca.com>]  
**Sent:** Thursday, August 18, 2016 11:14 AM  
**To:** \*CI-StPaul\_Contact-Council  
**Subject:** Paid Time Off Mandate



## **SMARCA, INC.**

**MINNESOTA-NORTH DAKOTA-SOUTH DAKOTA**

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August

18, 2016

To: Honorable Mayor Chris Coleman  
Honorable Saint Paul City Council Members

Re: Impact of Paid-Time-Off Mandate on Union  
Construction Workers

Dear Mayor and City Council Members:

SMARCA, Inc. is trade association for roofing, sheet metal, HVAC and mechanical contractors with a union workforce. We represent approximately 200 employers in the metro area that perform new construction, remodel and service work on both commercial and residential buildings. We oppose the paid-time-off mandate because it disrupts the structure of our negotiated union Labor Agreements. We believe there needs to be an

exemption for collectively bargained employees in the construction industry.

SMARCA provides labor relations assistance to our contractors. Labor negotiation is a significant part of our services and has been for more than 60 years. Over many contract terms we have mutually developed a system where we negotiate a total package hourly cost and allow the union members to allocate funds to a vacation/savings fund which can be used as the employee chooses, i.e. for sick days, vacation or any period of unemployment for any reason. The union administers the funds and the employers are not aware of when or how the employees use their funds. The proposed paid-time-off mandate would bring the employer back into the administration of when the employee has paid or unpaid time off and likely lead to a change in the preferred practice to bargain a total package hourly cost.

We have discussed potential terms for paid-time-off provisions in the collective bargaining process. The unions have clearly stated that they prefer the current system of negotiating a total package cost and allocating to a vacation/savings fund. One of the key benefits of the vacation/savings fund approach is portability for the construction worker that moves from one employer to another over the course of a year. The proposed PTO mandate will be in conflict with the preferred system for union construction workers. We have a system for compensating time away from work that is portable and works for our union employees. We need an exemption from the proposed PTO mandate to allow the union construction workers to keep the system that works best for them.

Many non-union construction employers have paid-time-off for their employees rather than the allocation to a vacation/savings fund. The proposed paid-time-off mandate is likely to have little or no impact on their costs. Therefore, the proposed PTO mandate will increase the costs of union construction employers with no similar impact on non-union construction employers. This result is unfair and we believe there should be an exemption for construction employees covered by a collective bargaining agreement.

An exemption for registered apprentices and employees paid the prevailing wage is not a workable solution. Union sheet metal workers have installed HVAC systems in most of the new multi-family housing projects in the City of Saint Paul. Union Residential Journeymen that perform this work are paid significantly less than the Minnesota Prevailing Wage Rate because the Prevailing Rate reflects the commercial wage rate and not the residential wage rate. A prevailing wage exemption will provide no relief for our residential contractors. If the proposed PTO mandate passes without a construction industry exemption for collectively bargained employees, our residential sheet metal contractors with union employees will experience added costs not likely experienced by the non-union competition.

Please do not interfere with our negotiated collective bargaining agreements which provide a workable system for compensating time away from work. Please include an exemption from the paid-time-off mandate for collectively bargained employees in the construction industry. It will allow us to keep the system that we have and it will not impose new costs on union contractors that will not be experienced by non-union contractors.

Thank you for your time and consideration of this letter.

Sincerely,

John W. Quarnstrom  
Director of Labor Relations/General Counsel

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