Two Washington state locals of the International Operating Engineers’ Union have found a way to perform miracles. And they’ve set an example union contractors can all look up to.

For over 35 years, Locals #302 and #612 (of Seattle and Tacoma, respectively) have practiced investing in specific construction projects which meet two matched criteria. The project must be profitable and competitive with other investment alternatives. And the project must provide union jobs during the construction phase and, if possible, afterward.

A Fresh Look At Doing Well

“We have a social investment consciousness,” said Larry Johnson, Business Agent for both locals. “That’s our starting point. Which means we’re responsible to do the best we can for our members. But we also see an opportunity to build union jobs in our own marketplace.

“Currently, we have approximately $22 million invested in projects like these, throughout the Pacific Northwest,” he said.

Size Of The Task

How tough is it to meet this challenge? How do the two unions manage it?

The key, Johnson says, is paying attention to the basics. “We don’t take anything for granted. We start with our fiscal responsibility to our members—it’s their pension money, after all. We work hard at prudent planning and property management to make our projects work as wise investment choices. By taking care of fundamentals, we’re able to go the extra mile, building jobs for other union people in our local economy.”

“We look for projects which traditionally would be done by union craftspeople, operated by union workers,” Johnson added. “That often means investing in property turnarounds and improvement or new projects specifically aimed at meeting our expanded objectives.”

An Example Worth Noting

Sometimes a project does both. That’s
the case of a Shari’s Restaurant in a Tacoma-area shopping center. As part of a $9 million upgrading of the Green Fir Mall, union money is building the distinctive free-standing structure, of patented design, in the Mall parking lot. When completed, it will be part of the Shari’s system of more than 40 franchised units throughout the West.

“But it’s in our backyard, built with our money. Like all our projects, this one should build pension fund equity, employ union people during and after construction, and stimulate the economy in our area, if only just a little. Based on three and a half decades of experience, we’re convinced that’s the best way to invest in our own futures.”

A Financial Possibility

“Normally, pension funds are corn-mingled with funds and capital from other sources,” Michael Barnes of Security Pacific Bank’s Seattle branch explained. Barnes is the fund manager who’s handled placement of the locals’ pension monies for the last few years. “So funds like these would customarily go into the same equities and other investments as everyone else’s, on a nationwide scale. In that case, there’s no way of knowing what union jobs resulted or how much the project helped the local economy.”

Barnes explained how the two union locals’ investment practices were structured to meet their unusual goals. “Funds are placed in a discretionary single account aimed at financing projects in this region. The locals put in the investment and they profit from it locally, both in terms of their equity growth and in terms of meeting a social obligation they feel acutely, especially during this recessionary period.”

Self-Help By Design

Johnson emphasized the proven results of the union locals’ perspective. “Many people dwell on the effects of an economic downturn. We prefer to do our own small part to make things better.”

That broader view of their responsibility seems to have worked well for three and a half decades. Locals #302 and #612 consider it a strategy to live by.