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A  
BRIEF LOOK AT THE  
STATUS OF THE CONSTRUCTION  
INDUSTRY IN DULUTH AND  
NORTHEASTERN MINNESOTA

Volume XII

by

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## A C K N O W L E D G E M E N T

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## CONSTRUCTION STUDY

The figures in this report represent an update of the data presented in the previous quarterly report dated April 1985. As reported in the preceding studies, the employment and unemployment figures in the narrative and Table I refer to the job status of actual union members only and do not include those workers who are not members of a building trades union or have left the construction industry.

Employment among building tradesmen is up over March 1985 and June of last year. Unemployment has dropped. The jobless rate showed improvement in June. Membership totals held stable in the second quarter. The value of building permits issued in Duluth is lagging last year's figure.

At the end of June a total of 1,804 members of the local building construction unions (See Table I) were employed. Of this total 1,225 were employed in the Duluth area while 579 were on jobs outside of the jurisdiction of the Duluth unions. The combined June total was up by 600 over March and, in general, reflects the seasonal resumption of projects closed down during the winter months although other projects were initiated. Approximately 250 of the 600 increase in jobs was the result of workers accepting jobs outside of the local union's jurisdiction. The bulk of these out-of-the-area jobs are in the Twin Cities area and Iron Mountain, Michigan. The number of workers leaving the area for jobs is the highest it has been for some time. One year ago the combined total of workers on jobs was 1,600 of which only 222 were working out of this area.

Unemployment among building construction workers dropped to 1,055 in June from the 1,655 level in March. Historically, a seasonal decrease in joblessness occurs in the second quarter. The jobless rate among building tradesmen in June was 34.8 percent of the membership compared to 57.9 percent in March. The June

unemployment rate is somewhat improved compared to last year when the 41.9 percent rate represented 1,153 unemployed.

Despite the improved picture in the second quarter, the unemployed rate of construction workers of 34.8 percent in June was way above the 7.0 percent rate for all industries in Duluth. The June 1985 rate of unemployment probably would be slightly different if there had not been a labor-management dispute (strike) affecting the bricklayers in the area. Work opportunities for the plumbers/steamfitters, carpenters and iron workers were scarce in June as each of these skills experienced an unemployment rate in June of 50 percent or more (See Table I).

Although membership roles are well below the level of several years ago the membership total has stabilized since the first of the year. In fact, the June figure has increased by 130 workers over what it was at the start of the year, but some of this gain can be attributed to the fact that the IBEW Local #242 absorbed the Superior electrical workers which added about 110 workers to their membership total.

Table III shows the value of building permits issued for the years 1982 to 1984 and a comparison of building permit valuations issued for the first half of 1985 compared to a like period of 1984. The figures show a sharp drop for 1985 and the average size of the projects for which permits have been issued this year are well below the average dollar figure for 1984. The dollar figures for 1984 clearly reflect the impact of the permit issued for the renovation of the Fitger's Building. This \$3 million project together with a \$1.5 million parking ramp and the \$1.8 million shopping mall in West Duluth and the \$1.8 million construction of the Duluth Clinic addition constitute projects of sizeable magnitude not frequently undertaken in this area in recent years.

Some care must be used in comparing the dollar value of permits issued in

Table III. Since the figures in Table III represent projects under construction in the City of Duluth they do not include those construction projects underway just outside the city limits. These projects also employ local craftsmen and consequently a correlation of employment trends with the value of permits issued as shown in Table III is inexact.

Alteration and repair work continues to consume the bulk of the building dollar. For the first half of 1984 a total of 62.6 percent of the permit valuations issued went for alteration and repair work compared to 71.2 percent for the first six months of 1985.

Fewer permits for building projects were issued so far in 1985 than was the case in 1984 in N.E. Minnesota (See Table IV). Fewer permits issued also meant fewer dollars spent for building construction. The \$23.8 million in permit valuations for the first half of 1985 was \$16.2 million, or 40.5 percent below the \$40.0 million worth of projects in the same period for last year.

In N.E. Minnesota an increasing amount of the building dollar is directed to alteration and repair work. Last year the ratio was 34.4 percent and so far this year the percentage has risen to 40.5 percent.

It appears that building construction work in Duluth and the immediate area (in addition to street and highway work) will provide a reasonable amount of work opportunities this fall although the jobless rate may still be high among construction workers. A \$6.8 million renovation and new construction at a local hospital facility, storage and maintenance buildings at the Air Base amounting to \$2 million, a medical building in Two Harbors, some UMD building expansion and remodeling, a condominium and lighthouse repairs and a travelers center on the North Shore appear to be the best bets to provide additional jobs during the last half of 1985.

**TABLE I**  
**EMPLOYMENT STATUS OF SELECTED**  
**BUILDING TRADES MEMBERSHIP**  
**June, 1985**

UNION	TOTAL MEMBERS			NUMBER WORKING						UNEMPLOYED			PERCENT UNEMPLOYED		
	June 1985	March 1984	June 1984	DULUTH ONLY			OTHER AREAS			June 1985	March 1984	June 1984	June 1985	March 1984	June 1984
				June 1985	March 1984	June 1984	June 1985	March 1984	June 1984						
Asbestos Workers #49	40	40	40	10	15	10	20	10	20	10	15	10	25.0	37.5	25.0
Bricklayers & Others #3	80	79	123	*	26	68	*	5	7	*	48	48	*	60.8	39.0
Laborers #1091	350	300	300	250	50	200	0	0	0	100	250	100	28.6	83.3	33.3
IBEW #242	439	439	348	233	210	107	104	104	64	102	125	177	23.2	28.5	50.9
Sheet Metal Workers #10	156	158	159	115	103	92	10	6	9	31	49	58	19.9	31.0	36.5
Plumbers/Steamfitters #11	310	320	362	110	98	110	33	12	35	167	210	217	53.9	65.6	59.9
Carpenters #361	313	328	321	90	102	185	14	11	11	209	215	125	66.8	65.5	38.9
IUOE #49	500	475	407	100	127	297	298	105	50	102	243	60	20.4	51.2	14.7
Iron Workers #563	393	368	390	40	38	75	100	80	6	253	250	309	64.4	67.9	79.2
Painters #106	200	250	233	175	60	170	0	0	20	25	190	43	12.5	76.0	18.5
Roofers #96	108	100	70	102	40	64	0	0	0	6	60	6	5.6	60.0	8.6
Totals	2,889	2,857	2,753	1,225	869	1,378	579	333	222	1,055	1,655	1,153	34.8	57.9	41.9

Source: Duluth Building Trades Council.

\* On strike during this period.

TABLE II  
 AVERAGE ANNUAL EMPLOYMENT  
 IN CONSTRUCTION - DULUTH  
 BY YEAR

<u>Year</u>	<u>Employment</u>	<u>Actual Change From Previous Year or Month</u>
1978	1,861	--
1979	1,650	-211
1980	1,620	-30
1981	1,319	-301
1982	1,098	-221
1983	876	-222
1984	1,118	+242
<u>1985</u>	<u>Monthly</u>	<u>--</u>
January	894	--
February	790	-104
March	911	+121
April	991	+80
May	1,195	+204
June	1,495	+300

Source: Minnesota Department of Economic Security, Regional Labor Market Information Center, Duluth, MN.

TABLE III  
 ANNUAL VALUE OF BUILDING PERMITS  
 ISSUED - DULUTH  
 (In Current Dollars)

CATEGORY	1982 '000's	1983 '000's	1984 '000's	JANUARY-JUNE	
				1984 '000's	1985 '000's
TOTAL	\$33,749	\$15,627	\$30,372	\$15,409	\$5,557
(AVERAGE COST) <sup>1</sup>	(15,322)	(7,306)	(12,452)	(15,676)	(5,982)
NEW RESIDENTIAL	2,020	2,604	1,003	456	373
NONRESIDENTIAL	12,667	2,922	8,956	5,308	1,228
ALTER. and REPAIR	19,061	10,101	20,413	9,645	3,956
RESIDENTIAL	2,356	2,825	3,240	1,202	1,110
NONRESIDENTIAL	14,454	5,292	15,509	7,807	2,203
OTHER	2,251	1,984	1,664	636	643

Source: Duluth Building Inspector's Office.

<sup>1</sup> Actual value; not rounded.



TABLE IV  
ANNUAL VALUE OF BUILDING PERMITS ISSUED  
IN REGION 3, 1983-1985<sup>1</sup>  
(Current Dollars)

CATEGORY	1983	1984	JANUARY-JUNE	
			1984	1985
<b>TOTALS:</b>				
NUMBER OF PERMITS	5,210	5,368	2,390	2,022
VALUATION	\$64,465,706	\$81,188,582	\$39,989,838	\$23,806,810
(AVERAGE COST)	(\$12,373)	(\$15,125)	(\$16,732)	(\$11,774)
<b>VALUE OF PERMITS ISSUED FOR:</b>				
NEW RESIDENTIAL	\$25,298,108	\$29,183,349	\$15,380,858	\$ 9,839,555
PRIVATE NONHOUSEKEEPING	370,000	350,676	230,000	135,738
NONRESIDENTIAL- PRIVATE	22,022,325	27,710,551	10,636,461	8,179,009
ALTERATIONS AND ADDITIONS	16,775,273	23,944,006	13,742,519	5,652,508

Source: Department of Commerce. Aitkin and Cook Counties not available.

<sup>1</sup> Excludes public construction.