Figure 2. Hourly Union Pay Scales for Selected Trades (September 2010)

	New York	Boston	Chicago	Los Angeles	Philadelphia	San Francisco	Washington DC
Carpenter	$74.81	$61.97	$63.42	$49.47	$61.45	$60.83	$33.38
Crane Operator	$82.15	$61.10	$66.38	$57.23	$65.00	$60.67	$38.50
Electrician	$79.16	$66.25	$65.78	$59.63	$74.19	$75.06	$49.99
Elevator Constructor	$66.43	$68.47	$66.40	$69.00	$66.94	$79.34	$60.58
Laborer	$59.81	$49.60	$53.37	$41.42	$46.40	$41.95	$25.47
Plumber	$73.45	$68.20	$64.25	$57.18	$67.29	$83.44	$52.49
Steamfitter	$77.32	$69.96	$67.23	$57.18	$71.06	$53.12	$52.38
Structural Ironworker	$85.11	$60.93	$71.45	$60.06	$72.85	$60.06	$42.13

Source: *2010 3rd Quarterly Cost Report*, *Engineering News-Record*, September 27, 2010 (Note: Includes base rate plus unspecified fringe benefits.)

Meanwhile, as construction costs climbed and financing for new construction evaporated, individual developers and contractors started making different decisions. The city saw an increase in open-shop development sites—that is, major construction undertaken with nonunion workers alongside union labor. The open-shop phenomenon had been growing for many years, mainly through the affordable-housing industry, which has usually been almost exclusively nonunion. Originally low-rise and inexpensive, affordable housing construction has functioned as the time-honored training ground, converting cheap, sometimes unskilled, immigrant labor over time, into skilled labor paid wages that are equivalent to union rates. Nonetheless, due mainly to the costs of benefits and work rules, nonunion labor remains far less expensive than union and, equally important, is free of featherbedding practices and customs.

Figure 3. Totally Hourly Pay for Construction Workers Increased Faster than Inflation

Trade	Jan 2008	Jan 2011	Change
Elevator Constructor	$71.00	$81.33	14.5%
Maintenance Engineer	$71.59	$81.53	13.9%
Floor Coverer	$76.27	$84.65	11.0%
Cement Mason	$70.61	$77.76	10.1%
Glazier	$64.44	$70.94	10.1%
Boilermaker	$76.18	$82.50	8.3%

Source: NYC Comptroller's Office; *Wall Street Journal* analysis, March 22, 2011 (Note: Total hourly pay includes wages and supplemental benefits.

All segments of the industry agree—at least in private—that the union advantage in quality and speed of construction has diminished with every new project that is built nonunion.[4] This may be the most important—and enduring—construction trend of our time. An excellent example is Northside Piers, a matched pair of luxury residential towers

[4] Based on interviews with 74 leading builders, contractors, developers, union officials, and trade-association executivess.

erected by Toll Brothers and L+M Development Partners on the Brooklyn waterfront. The union-built, 30-story Tower 1 took 26 months with hard costs at $365 per square foot. The nonunion-built, 28-story Tower 2 took 31 months with hard costs at $280 per square foot. For a 300,000-square-foot building, this differential translates to $25.5 million. Such savings can easily exceed the money lost in additional financing costs and delayed sales proceeds or rent collection.

The consensus among developers and contractors—both union and nonunion—is that the price tag on nonunion labor is between 20 and 30 percent lower than on union labor. Some of the cost differential comes from lower nonunion wages and benefits, but most derives from unproductive union-mandated work rules and practices.

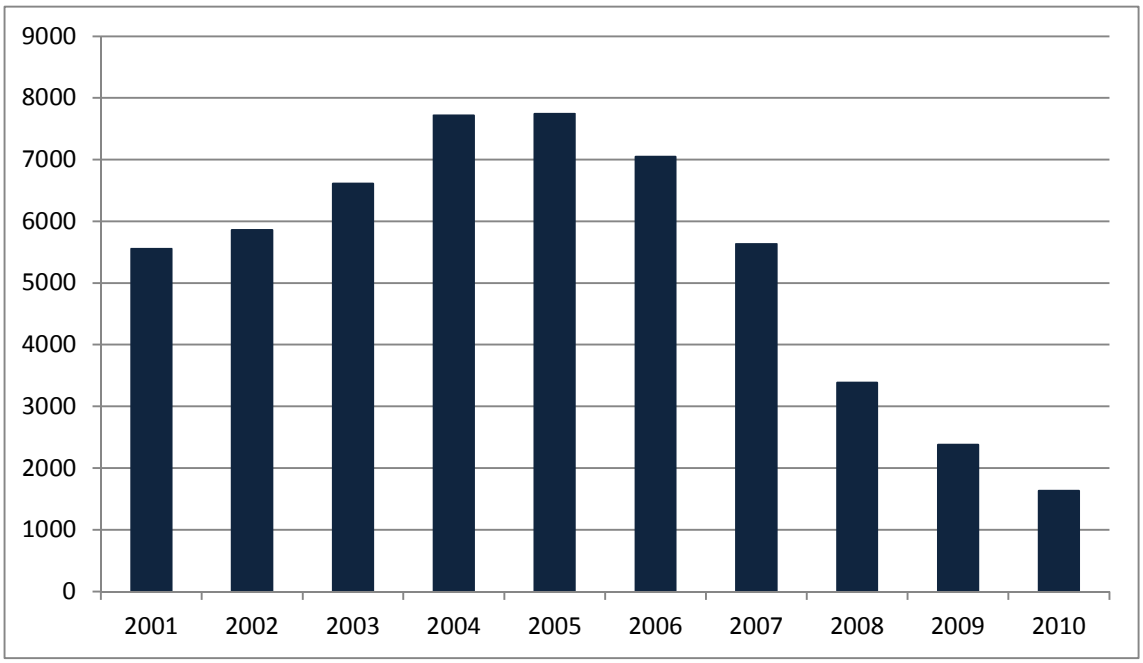
Why, given such a large gap, would developers persist in building union? There are several reasons. First, many New Yorkers—leading developers and contractors among them—cherish a deep-seated personal and intellectual attachment to unions. Industry leaders often themselves come from a labor background. In the political arena, unions not only benefit from a courageous heritage in America but, on strictly practical grounds, have been a key channel of upward mobility for millions of Americans. As each generation becomes further removed from that heritage, however, past allegiances cannot offset the huge cost differential. Second, the best union labor continues to surpass nonunion in skills and productivity, which is one reason nonunion labor has never built a major commercial Manhattan high-rise. Even on the residential end, the 40-story tower may be the upper limit for nonunion skill and speed. Third, some developers may worry about disruption by disgruntled union members working on other projects. Finally, should major developers start competing for highly skilled nonunion labor, shortages would be likely to show themselves almost immediately.

Within this turbulent economic environment, labor union leaders recognized that modest reform would have to be offered from their end, at least temporarily. One result is a series of PLAs (project labor agreements), initiated in 2009, designed to offer contractors savings, efficiencies, and higher productivity in return for their guarantee to use union labor only. The PLA savings and efficiencies were intended to move stalled construction projects forward at a time of severe economic distress and financial constraint.

The first important project to qualify—that surely would not have been built without the Economic Recovery PLA—was Forest City Ratner's downtown Beekman Tower. Building Trades Employers' Association (BTEA) president Louis J. Coletti calculates that construction under the Economic Recovery agreements accounts for 54 million hours of work.[5]

[5] *Roadmap to Recovery,* letter to BCTC president Gary LaBarbera, December 29, 2010 (Appendix B).

Figure 4. Applications for New Construction Permits in New York City, 2001-2010



Source: New York City Department of Buildings

PLAs, which incorporate by reference existing collective bargaining agreements (CBAs) of all the signatory unions, establish the rules and conditions of employment for individual construction projects or classes of projects within a given period, such as one year.

The effectiveness of recent PLAs is intensely debated among developers, contractors, labor leaders, and negotiating bodies. When announcing the PLA, its negotiators claimed potential labor savings of up to 20 percent, based on a Hill International consultant study.[6] Based on actual experience, however, most employers interviewed for this study identified realized savings as between 2 and 4 percent. The highest savings cited was 7 percent, calculated by an executive of a large contracting firm. Several developers and contractors denied that the PLAs yielded any savings at all, saying that in practice union workers refused to comply even with such basic principles as a full work day.

In mid-March 2011, after one renewal in 2010 and with negotiations about to begin for 23 crucial CBAs due to expire June 30, the unions decided not to pursue a further extension of the Economic Recovery PLA, instead reserving the option to develop project-specific PLAs with individual owners or developers.[7]

The Issue: Union developers and contractors are steadily losing market share to nonunion firms. Labor union leadership considers this a temporary problem that will ease as the economy recovers from the current downturn, which they believe is happening now.

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[6] Hill International, *Cost Benefit Analysis of BCTC Economic Downturn Project Labor Agreement*, March 2009.
[7] Anthony Klan, "Unions Drop Savings Pact," *Wall Street Journal*, March 21, 2011.

But the truth is that the lost union market share represents a new world, in which nonunion firms have become a permanent fixture. To keep union firms competitive, the ongoing labor contract negotiations—and reformed work rule practices—must bring the union-nonunion differential closer to 10 percent from the current 20-30 percent. If this does not happen, nonunion labor is likely to gain an ever-increasing share of the market in the harsh new reality of today's economy, forcing union developers and contractors to accept open shop arrangements or leave the construction business.

Chapter 2
The Unionized Construction Industry Works as No Other

The unionized construction industry is characterized by maximum fractionalization that encompasses a complex array of union locals, subcontractors, general contractors and construction managers, trade associations and negotiating representatives, developers and owner-builders (Figure 5). While the construction manager represents the owner on a job, construction projects lack clear lines of management authority between worker and owner. Relationships between workers and management are ruled by a tangle of overlapping, sometimes contradictory, collective bargaining agreements that memorialize a century of successes and losses in battles of jurisdictional aspirations among various locals and trades.[8]

Traditionally, leading developers have hired general contractors and/or construction managers (GC/CMs) to plan, schedule, and manage the overall job. Trade associations, such as the Contractors' Association of Greater New York and the Building Contractors Association of New York, negotiate labor contracts on behalf of their member GC/CMs. Owner-builders use their own in-house staff for GC/CM work, hiring subcontractors directly, though they sometimes employ a CM firm to supplement their management capability. Owner-builders do not belong to contractor trade associations and thus lack standing contractual relationships with trade locals—although they often hire subcontractors who do.

Workers identify first and foremost as members of their local, and think of themselves as working for the union rather than for the employer. Unlike other unionized industries where benefits are paid and administered by the employer (automobile or steel companies, for example), construction workers receive their benefits from their union. They wear union insignia on their work clothes and, when asked about their employer, they tend to name their union. This has long been accepted as reality—though not a desirable one—by management. "Who do these people really work for?" one construction executive asks rhetorically. Answering his own question, he says, "They work for the union. They do not work for the subcontractor that we employ. There's no loyalty. It's 'My union comes first, and I'm going to take advantage of everything they've bargained for.

[8] See, for example, the agreement between Plumbers, Local 1, and the Association of Contracting Plumbers of the City of New York.

Just incidentally, the subcontractor happens to be paying me, but I owe him no allegiance.'"

An Industry in Which the Benefits Exceed the Wages[9]
Example: Metallic Lathers, Local 46

The worksheet developed for employers of Metallic Lathers, Local 46, on Economic Recovery PLA projects provides an example of required contributions to a local's set of benefits funds. The PLA has lathers working an 8-hour day, but otherwise does not affect wages or benefit contributions. As of July 1, 2010, the prevailing wage for a lather is $40.52 per hour. The employer pays $87.88 per hour worked—wages to the employee and benefit contributions to the union. The PLA straight-time benefit contribution of $47.36 is composed of:

Local 46 Trust Fund (medical, disability, etc.)	$10.16
Local 46 Pension Fund	$11.85
Local 46 Scholarship Fund	$ .10
New York Lathers Apprenticeship Fund	$ 1.01
Promotional Fund	$ .03
IAP Cement League and IAP BCA	$ .20
Substance Abuse Program	$ .01
Dental Fund	$ .50
Labor Management Cooperative Trust	$ .38
Ironworkers impact	$ .10
Annuity per hour (not taxable)	$12.50
Vacation per hour (taxable)	$ 9.00
Dues, Local 46 PAC, Union Security (taxable)	$ 1.52
Total Journeyman Straight Hour Benefits	$47.36

Source: Economic Recovery Project Labor Agreement Employer's Weekly Report of Contributions Paid to Metallic Lathers Local 46 Funds

Construction is a seasonal occupation in which workers are hired for what is essentially temporary job after temporary job. Construction companies—whether general contractors or specialized trade subcontractors—may have a small core of union members as long-term employees on their payroll. Because contractors need to staff up whenever they land a project, they recruit their workforce—anywhere from a handful of workers to dozens or even hundreds—from a union referral list. In the volatile world of construction, such just-in-time hiring keeps fixed costs down. While disliked by many subcontractors, the practice of hiring from the union hall is valued by others for providing a

[9] Benefit costs for other unionized industries generally do not go higher than 50 percent of wages. United Auto Workers at General Motors, for example, average $40 per hour in cash payments and $15 per hour (or 37 percent) in fringe benefits. David Leonhardt, "$73 an Hour: Adding it Up," *The New York Times*, December 9, 2008

ready source of labor, with skills endorsed by the particular trade local.[10] Yet this system fosters a worker's loyalty to his union home, which represents a long-term relationship—well into retirement, as the union administers benefits, including health care and pension—rather than to any actual employer, which tend to be a series of short-term relationships. After all, when the worker's job on one construction project is completed, he returns to the hall and waits to be sent out by the *union* to another.

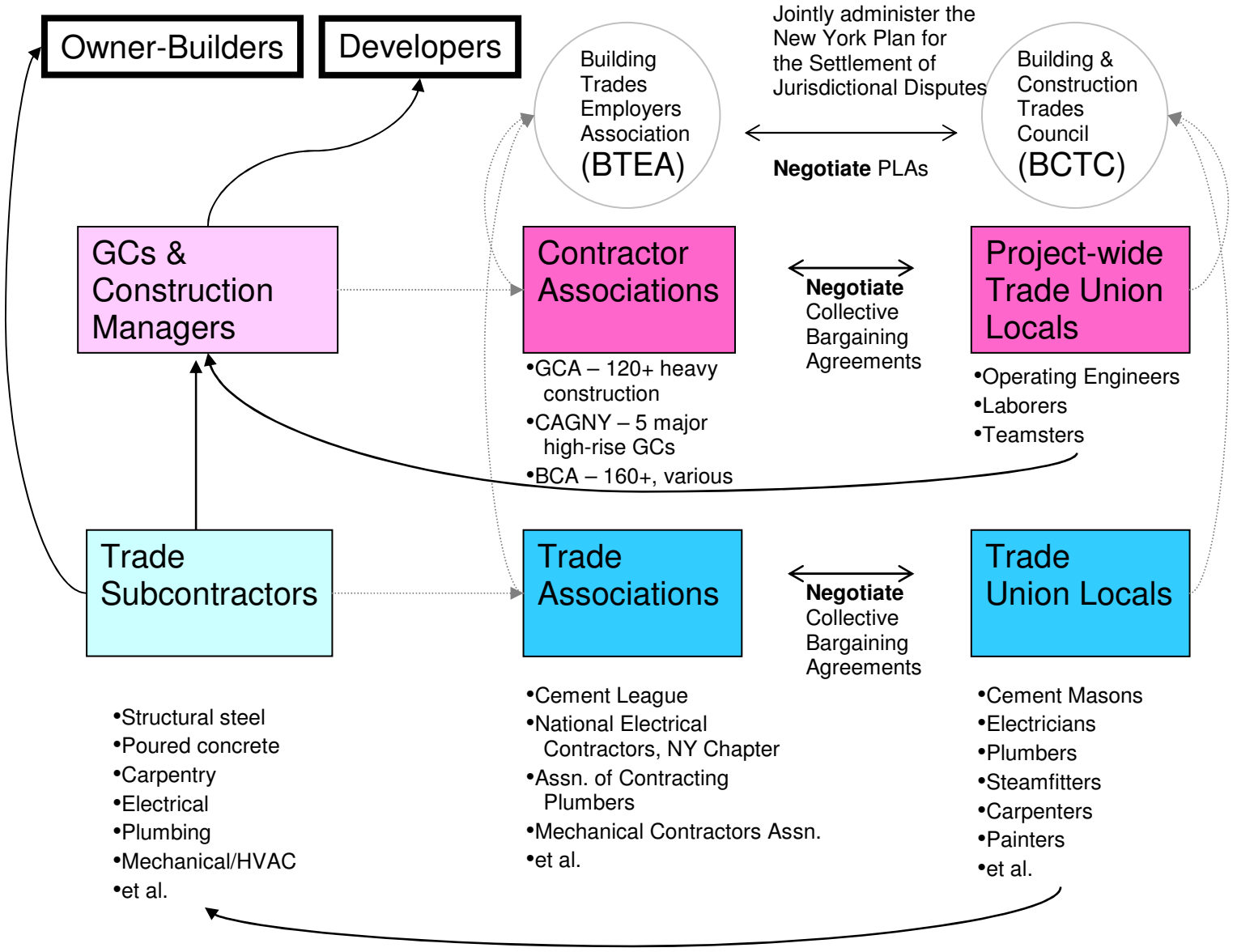
Their trade local is employment home base for most union construction workers. Locals are organized by trade specialty as well as geography (Appendix A: New York City Construction Trades Union Locals). In addition, many, but not all, are affiliated with "international" unions that cover the U.S., and occasionally Canada, giving them their international status.[11] Some broad-based trades, especially those having geographically based locals, are also organized regionally into district councils.[12] Many locals and district councils are also members of the Building & Construction Trades Council of Greater New York (BCTC).

Locals (or district councils) administer the benefit funds for their memberships. Locals, district councils, internationals, and benefit funds each have their own staff structures, supported by membership dues. Joint labor-management boards of trustees oversee the benefit funds.

The Issue: For the long-term good of the industry, the entire management-labor structure needs to be reconsidered and rationalized along modern management principles. There need to be clear lines of authority between employer and employee. The large number of independent negotiating parties sows confusion, contradiction and expense—and defies principles of rational management. No business can survive long term with such inherent inefficiency.

[10] As an example, see Article VII, Section 1 of the agreement between the New York City District Council of Carpenters & Joiners and the Building Contractors Association: "When an Employer makes a request from the job referral list to send members to a job, the job referral list shall cooperate by sending only such as are experienced in the specific type of carpentry work being done on the said job of that Employer."
[11] Examples include the United Brotherhood of Carpenters & Joiners of America, the International Union of Operating Engineers, the Laborers International Union of North America (LIUNA), and the International Brotherhood of Electrical Workers (IBEW).
[12] Most notably, District Council 7 of the United Brotherhood of Carpenters & Joiners of America (the New York City District Council of Carpenters) and District Council 9 of the International Union of Painters and Allied Trades.

Figure 5. How New York City's Unionized Construction Industry is Organized



Source: RPA-CUI

Chapter 3
Union Agreements Encompass a Complex Collection of Provisions

The membership-elected leadership of locals and district councils negotiate CBA contract terms with counterpart contractor or subcontractor trade associations, which represent the management side (Figure 6). Because they are not the direct employers, developers and owners have no role in the negotiations. (They occur two levels down from a developer, mostly at the subcontractor level.) Agreements are fragmented among dozens of trades, each with different provisions.

Collective bargaining agreements between each of these trades and their contractor or subcontractor association differ in details of basic wage rates, escalation rates by total annual hours worked, and various premium rates, including overtime that may differ by day of the week, total hours worked daily or weekly, and premiums for specific tasks.[13] They specify the contributions employers must make to an assortment of benefit funds that may vary from basic needs, like medical, dental, and pension to more unusual offerings, such as apprenticeship, scholarship, and annuity. They define work rules and staffing requirements by task and by equipment, ratios of workers from the union hall to those selected by the employer, and ratios of apprentices to more experienced workers. CBAs lay out procedures for filing grievances and settling disputes, not only between labor and management but also among different locals. They specify the tasks to be performed by the signatory local. Tasks are often prescribed positively, rather than by exception, which limits the flexibility of the CBA to allow the introduction of new methods or technologies.[14]

With the recent recession's reduction in construction, union leadership looked to expand unionized work, both by decreasing the cost of new projects, and by competing with the 20-30 percent lower cost of nonunion labor. A multi-party labor team, led by BCTC, negotiated a series of PLAs for private- and public-sector construction, beginning with the private-sector Economic Recovery PLA in May 2009.[15] BCTC's counterpart, the BTEA, led management negotiation efforts on the Economic Recovery PLA and its 2010 renewal.

From labor's point of view, the purpose of a PLA is to facilitate financially stalled projects going forward.[16] A PLA, moreover, ensures that the entire job remains union, holding off the threat not just of nonunion work in general, but the specific and growing phenomenon of merit-shop construction. (A relatively recent term created by an official of the Associated Builders and Contractors, "merit shop" is now used instead of "open

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[13] Overtime details are negotiated atop a complex combination of local, state, and federal regulations.
[14] Using the plumbing example referenced in note #9 above, see pages 31-35 of the CBA.
[15] In 2005, the School Construction Authority (SCA) had introduced the first public-sector PLA in New York City to address the problem of shift work when renovating schools.
[16] Beekman Tower, designed by Frank Gehry and developed by Forest City Ratner, is the best-known example of a project halted by the economic downtown and reactivated by the Economic Recovery PLA. See, for example, Charles V. Bagli, "Savings on Labor Allow Work on Residential Skyscraper to Resume," *The New York Times*, May 28, 2009.

shop" by many developers and contractors to mean a job on which union membership is not a requirement.)

A general contractor or construction manager signing a PLA pledges to hire union subcontractors only—no mixing and matching, as contractors and developers in New York are increasingly inclined to do. PLAs include provisions—used especially by public-sector owners to encourage minority representation in the contracting pool and on the workforce—for nonunion subcontractors to apply to become union and/or for nonunion workers to apply for union membership, at least for the duration of the project at hand.

From management's point of view, PLAs offer the opportunity to renegotiate longstanding and often obsolete work rules, as well as to obtain short-term wage and benefit concessions, outside the timelines dictated by existing CBAs. They also set a precedent for standardizing some terms across trades. Applied project-wide, these agreements take a first step toward consistency in the intricate assortment of pay arrangements, holidays, work rules, and other customs, whose administration is a not inconsiderable cost of doing business in construction. To be more efficient, the industry needs to institutionalize work patterns for all workers on a job.

The Hill International analysis prepared for BCTC and BTEA in 2009, projected that a common 40-hour workweek, rather than the jumble of 35- and 40-hour weeks, and eight standard holidays could save a project more than 8 percent of labor costs. Many contractors and developers judge these savings to be overstated. (On one large Manhattan PLA job, for example, the developer valued actual savings derived from an 8-hour day for electricians—rather than the contractual seven hours—as $600,000. While a substantial dollar amount, this figure represents only 2 percent of the $30 million electrical contract.[17]) Whatever the correct assessment for these provisions, the analysis demonstrates the cost and inefficiency inherent in a fragmented bargaining environment yielding a workforce of unpredictable availability—some working 7-hour days, others, 8-hour days, with various subgroups adhering to their own seemingly random assortment of holidays.

The first Economic Recovery PLA featured a *Schedule B* of union concessions negotiated local-by-local, along with a set of core provisions common to most PLAs. The provisions range from temporary wage freezes to reduced staffing requirements, with carpenters—the trade most threatened by nonunion competitors—leading the way on concessions. BTEA and BCTC predicted savings of 16-21 percent from a combination of labor work-rule concessions in the core provisions and reduced profits to be taken by contractors. Despite abundant anecdotal evidence for contractor reductions, the scarcity of data precludes analyzing the savings industry-wide. The component targets for labor and for contractors were never specified—though the anticipated 16-21 percent did *not* include savings from trade-specific wages and benefit reductions, which were simply declared to be over and above the savings analyzed by Hill International.

[17] Private communication.

Figure 6-1. Construction Trade Associations

Trade Association	Member Firms	Union Contract Partner	Contract Expiration
Allied Building Metal Industries Inc.	46	Iron Workers Local 40 and 361	6/30/2014
		Iron Workers Local 580	6/30/2013
		Operating Engineers 14-14B, 15-15A-15D	6/30/2012
Assn of Contracting Plumbers of the City of New York Inc.	72	Plumbers Local 1	6/30/2012
Assn of Electrical Contractors	11	Int'l Brotherhood of Electrical Workers Local 3	5/8/2013
Assn of Master Painters and Decorators of New York Inc.	61	District Council 9 of the Int'l Union of Painters	4/30/2011
		Tapers Local 1974	4/30/2011
Assn of Wall-Ceiling and Carpentry Industries	207	District Council 9 of the Int'l Union of Painters	4/30/2011
		Metallic Lathers Local 46	6/30/2012
		New York City District Council of Carpenters	6/30/2011
Boilermakers Assn of Greater New York	11	Boilermakers Local 5	12/31/2012
Building Contractors Association	>160	Bricklayers/Stonesetters Local 1	6/30/2011
		New York City District Council of Carpenters	6/30/2011
		Cement Masons Local 780	6/30/2011
		LIUNA Local 731 (Excavators)	6/30/2012
		Mason Tenders District Council (incl. Local 79)	6/30/2012
		Metallic Lathers Local 46	6/30/2014
		Teamsters Local 282	6/30/2013
		Operating Engineers Local 14-14B	6/30/2011
		Operating Engineers Local 15-15A	6/30/2011
		Operating Engineers 15D	6/30/2011
Building Restoration Contractors Assn	8	Bricklayers/Stonesetters Local 1	6/30/2012
Building Stone and Precast Contractors Assn	4	Local 197 (Derrickman & Riggers)	6/30/2013
Cement League	32	New York City District Council of Carpenters	6/30/2011
		Cement Masons Local 780	6/30/2011
		Operating Engineers 14-14B, 15-15A-15D	6/30/2011
		Concrete Workers Local 6A-18A-20	6/30/2011
		Metallic Lathers Local 46	6/30/2014
Contractors Association of Greater NY	5	New York City District Council of Carpenters	6/30/2011
		Mason Tenders District Council	6/30/2011
		Operating Engineers 14-14B, 15-15A-15D	6/30/2011
		Teamsters Local 282	6/30/2013
Contracting Stone Setters Assn	8	Local 197 (Derrickman & Riggers)	6/30/2013
		Bricklayers/Stonesetters Local 1	6/30/2012
		Tile, Marble and Terrazzo Local 7	6/15/2013

Source: BTEA and trade association web sites

Figure 6-2. Construction Trade Associations

Trade Association	Member Firms	Union Contract Partner	Contract Expiration
Elevator Contractors Assn	5	Elevator Constructors Local 1	3/18/2014
Environmental Contractors Association	46	LIUNA Local 731 (Excavators)	11/30/2012
		LIUNA Local 78 (Asbestos, etc.)	11/30/2012
General Contractors Association	>120	LIUNA Local 29 (Blasters & Drillrunners)	6/30/2012
		New York City District Council of Carpenters	6/30/2011
		Carpenters Local 1456 (Dockbuilders)	6/30/2011
		LIUNA 1010 (Pavers)	6/30/2012
		LIUNA Local 731 (Excavators)	6/30/2012
		LIUNA Local 147 (Sandhogs)	6/30/2014
		Operating Engineers 14	6/30/2014
		Operating Engineers 15	6/30/2014
		Teamsters Local 282	6/30/2013
		Carpenters Local 1536 (Timbermen)	6/30/2011
		Metallic Lathers Local 46	6/30/2014
Greater New York Floor Coverers Assn	19	Carpenters Local 2287 (Floor Coverers)	6/30/2011
		New York City District Council of Carpenters	6/30/2011
Greater New York Signs Contractors Assn	18	Sheet Metal Workers Local 137	7/15/2013
Mechanical Contractors Assn of New York	98	Local 638 (Steamfitters)	6/30/2011
Nat'l Electrical Contractors Assn - NYC Chapter	225	Int'l Brotherhood of Electrical Workers Local 3	5/11/2013
New York City Demolition Contractors Assn	12	Operating Engineers Local 14 and 15	6/30/2014
		LIUNA Local 79 (Mason Tenders)	6/30/2010
		Teamsters Local 282	6/30/2011
		Teamsters Local 813	6/30/2011
Insulation Contractors Assn of New York City Inc.	26	Heat & Frost & Allied Workers Local 12	6/30/2014
Plastering and Spray Fire Proofing Contractors of Greater New York, Inc.	17	Plasterers Local 262	1/31/2013
Roofing and Waterproofing Contractors Assn	14	Roofers & Waterproofers Local 8	6/30/2011
Sheet Metal & Air Conditioning Contractors Assn of New York City Inc.	35	Sheet Metal Workers Local 28	7/31/2011
Structural Steel Painting Contractor Assn	10	District Council 9 of the Int'l Union of Painters	9/30/2011
The Hoisting and Scaffolding Trade Assn	14	New York City District Council of Carpenters	6/30/2011
		Elevator Constructors Local 1	3/17/2015
Window & Plate Glass Dealers Assn	28	Glaziers Local 1087	4/30/2012

Source: BTEA and trade association web sites

The inability to achieve anything approaching 20 percent savings appears ultimately to be acknowledged by BTEA and BCTC, the chief negotiators of the PLA. In early July 2010, they proclaimed renewal of the Economic Recovery agreement for construction starts through March 2011 with savings expectations now stated to be 15 percent.[18]

In April 2010, BCTC announced a PLA to cover residential development outside Manhattan. This Residential in the Boroughs PLA replaces the itemized *Schedule B* of the Economic Recovery PLA with a simple requirement that each signatory local "provide for the equivalent of twenty (20%) per cent reduction in the payroll costs attributable to the wage and benefit rates for the trade. This reduction may be accomplished by any lawful method, including, direct payroll reductions, targeting efforts in accordance with existing targeting programs, or any combination thereof, resulting in the equivalent of a twenty (20%) [sic] reduction in payroll costs (wage and benefit costs)"[19] If achieved, such a reduction, would match the original claim for the earlier Economic Recovery PLA. If successful, it would also close much of the gap between union and nonunion work—reducing the differential from the currently estimated gap of 20-30 percent to approach the 10 percent premium union-oriented developers and contractors have expressed a willingness to pay.[20] Although announced nearly a year ago, as of April 2011, the Residential in the Boroughs PLA has hardly been used. The agreement is in effect for the 2.3 million-square-foot, 2200-unit Queens West project. So far, with the first of the project's four buildings above the 22nd floor (foundation work began in August 2010), owner TFCornerstone is satisfied that the PLA is delivering the 20 percent labor cost savings anticipated.

On the public-sector side, Mayor Michael Bloomberg in November 2009 announced five new PLAs:

1. renovation-rehabilitation of city-owned buildings and structures by and for various agencies, led by Department of Design & Construction (DDC)
2. renovation-rehabilitation of city Department of Environmental Protection (DEP) buildings and plants
3. new construction of identified city-owned buildings and structures (DDC)
4. new construction of identified Department of Sanitation (DSNY) projects
5. new construction of Bronx River Greenway Riverhouse by the Department of Parks & Recreation (DPR).[21]

At the same time the city renewed the 2005 School Construction Authority (SCA) PLA, which applied only to renovations and rehabilitations, not to new construction.

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[18] The full list of 64 Economic Recovery projects, approved and executed as of March 1, 2011, is available at http://www.bteany.com/media/cip/status/aae.pdf.
[19] Article XI, Section 1B, page 23 [PDF page 27 of 43]
[20] Many work-rule costs remain an issue, however. Like the Economic Recovery PLA, Residential in the Boroughs rationalizes some practices, but leaves many untouched.
[21] Full texts are available via this gateway site: http://www.nyc.gov/html/mocs/html/vendors/pla.shtml.

The two renovation-rehabilitation PLAs, like SCA's original renovation PLA, encourage accelerated construction schedules by replacing contractual overtime formulae with a 5 percent shift differential. They also allow Saturday make-up days without penalty. All city PLAs limit Monday-through-Saturday overtime to time-and-a-half. A 2008 amendment exempted project labor agreements from the Wicks Law, which requires that construction projects greater than $3 million be divided among multiple primary contractors—electrical, plumbing, HVAC, and the rest.[22]

Public-sector PLAs feature two key provisions missing from private-sector PLAs. The Full Work Day clause requires that "Employees shall be at their work area at the starting time established by the Contractor, provided they are provided access to the work area. The signatories reaffirm their policy of a fair day's work for a fair day's wage."[23]

This provision is designed to address the wasteful practice of starting the paid workday at the local's ground-level shanty, or check-in station, rather than wherever on the site the work is to be done. Transport to the actual work location can take 45 minutes or more, depending on the size and status of the project. Full Work Day does not mention the end of the work day, which can entail another 45-minute trip. Private employers universally identify starting and ending the paid work day at the shanty as one of the practices they most need changed.

The public-sector provision that prohibits restrictions on "materials, techniques, methods, technology or design, or, regardless of source or location, upon the use and installation of equipment, machinery, package units, pre-cast, pre-fabricated, pre-finished, or pre-assembled materials or products, tools or other labor-saving devices" identifies another category of wasteful practice—and of constraint on management authority—that employers seek to change. Yet since the PLA provision defers to existing collective bargaining agreements—rather than superseding them—on this point, the statement that "contractors may, without restriction, install or use materials, supplies or equipment regardless of their source" is largely without teeth at the moment.[24] Nonetheless, it can put this issue on the agenda for future negotiations.

All PLAs standardize signatory trades on an 8-hour workday, permit flexible start times (although flexibility within trades is a subject of ongoing disagreement between labor and management), and prohibit work stoppages and disruptions (Figure 7). Most PLAs also:

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[22] Savings anticipated at the time of announcement were:
- 10.5 percent for renovation-rehabilitation of city-owned buildings and structures
- 5 percent for DDC and DSNY new construction
- 4 percent for SCA (already Wicks exempt)

[23] Language is identical in all NYC and SCA PLAs, but exact location within the agreements varies. In the PLA for new construction of identified city-owned buildings and structures, for example, Full Work Day is Article XVII, Section 5, p. 34 [PDF p. 39 of 52].

[24] Language is nearly identical in all NYC and SCA PLAs, but exact location within the agreements varies. In the PLA for new construction of identified city-owned buildings and structures, for example, Materials, Methods & Equipment is Article VI, Section 2, p.15 [PDF p. 20 of 52].

- impose a standard set of holidays on signatory trades; the wide variation in CBA holidays makes scheduling work difficult and introduces costly delays

- put boundaries around coffee breaks, which, when unrestricted, can involve very long periods of paid time not working (descent from the work area, travel to coffee shop or vendor, return trip to work area)

- eliminate CBA requirements for "temporary" or "standby" services (steamfitters, electricians, and plumbers present full time to monitor heat, electricity, and water serving the construction site)—widely regarded as among the most wasteful practices on a construction site

Labor leaders tend to view PLAs as a necessary but temporary evil to be endured during the current economic crisis in return for stimulating projects that otherwise would not move forward. They consider the concessions to be short-term adjustments until the good times return and construction resumes as usual. And, in the meantime, a side benefit for labor leaders is that PLAs *do* protect their workers from further nonunion encroachment.[25]

Private-sector developers and contractors tend to view PLAs as the bare minimum the unions were able to bring themselves to accept even as the entire industry staggered on the verge of collapse. Employers see the financial crisis as the opening bell of a global economic restructuring, and cannot comprehend why labor does not acknowledge this new reality. They hope—but doubt—that PLA negotiation will lead to sophisticated rethinking of how collective bargaining should be redesigned to maintain union construction in New York.

The Issue: PLAs should be seen as the negotiating placeholder they are—a temporary means of easing some of the most egregious work-rule practices, but not a long-term solution to the unworkable economics of current labor terms. Management contends that structural economic change is under way, while labor argues that the downturn is cyclical, and that when a strong economy returns, developers and contractors will be able to afford union labor. Both sides are aware that any developer who is actually building will be exceedingly apprehensive of any work disruption resulting from contract negotiations. With such incongruent underlying assumptions, reaching agreement on reform—indeed even whether reform is required—is extremely difficult. The parties would benefit from a process by which they could explore together the component costs of projects, including the differential between union and nonunion labor.

[25] Although not yet available for public inspection, a PLA with the BCTC was announced by WalMart in February 2011, in anticipation of building stores in New York City. WalMart's strongly anti-union stance regarding its retail workers suggests that this move will exacerbate existing rifts among unions.

Figure 7-1. Project Labor Agreements in New York City

All include: 8-hour workday for all craft trades; flexible start times; no work stoppages (strikes, lockouts); no disruptions (slowdowns, picketing); working shop stewards; grievance/arbitration procedures for all but jurisdictional disputes and work stoppages; New York Plan for jurisdictional disputes.

Private-sector template agreements

PLA name	Date Announced	Key Provisions in Addition to Common Elements	Holidays	Coffee Breaks	Temporary Services	Players	Non-Players
Economic Recovery (original)	May-09	*Schedule B* of various wage and work-rule adjustments, by trade local, but not for Laborers, OpEngs, Painters, Plasterers, Roofers, Teamsters	Standard set of 8	Two 10-minute coffee breaks (one a.m. and one p.m.) at work locations	Only by specific management request	BCTC & BTEA; most craft locals, incl. Teamsters, OpEngs	Bricklayers, Laborers 29 & 731, Metal Polishers
Economic Recovery (renewal)	May-10	*Schedule B* of various wage and work-rule adjustments, by trade local, but not for Bricklayers, Laborers, Painters, Plasterers, Roofers, Teamsters	Standard set of 8	Two 10-minute coffee breaks (one a.m. and one p.m.) at work locations	Only by specific management request	BCTC & BTEA; most craft locals, incl. Teamsters 813 & 814, Bricklayers, Laborers 29 & 731, Metal Polishers	Teamsters 282, OpEngs, Laborers 78
Residential in the Boroughs	Apr-10	"signatory Unions shall adjust their [Collective Bargaining Agreements] to provide for the equivalent of 20% reduction in the payroll costs attributable to the wage and benefit rates for the trade	PLA SILENCE	Two 10-minute coffee breaks (one a.m. and one p.m.) at work locations	Only by specific management request	BCTC & individual contractors; most craft locals, incl. Teamsters 813 & 814	Bricklayers, Teamsters 282, OpEngs

Additional common element: management selection of forepersons.

Source: RPA-CUI

Figure 7-2. Project Labor Agreements in New York City

All include: 8-hour workday for all craft trades; flexible start times; no work stoppages (strikes, lockouts); no disruptions (slowdowns, picketing); working shop stewards; grievance/arbitration procedures for all but jurisdictional disputes and work stoppages; New York Plan for jurisdictional disputes.

Private-sector project-specific agreements

PLA name	Date Announced	Key Provisions in Addition to Common Elements	Holidays	Coffee Breaks	Temporary Services	Players	Non-Players
MSG renovation/ rehabilitation	Apr-10	Various shift differentials (rather than O/T), by craft trade local Carpenters, Mason Tenders, Electricians, Concrete Workers, Painters, Heat & Frost 12, Metal Lathers, Steamfitters, Plumbers, Tilesetters, Ironworkers, Sheet Metal Workers, Roofers, Cement Masons	PLA SILENCE	PLA SILENCE	Only by specific management request	Turner Construction & BCTC; most craft locals, incl. Teamsters 813 & 814	Bricklayers, Teamsters 282, OpEngs
Sheraton renovation/ rehabilitation	Jul-10	15% shift differential (rather than O/T) for M-F	PLA SILENCE	Two 10-minute coffee breaks (one a.m. and one p.m.) at work locations	Only by specific management request	Structure Tone & BCTC; most craft locals, incl. Teamsters 813 & 814	Teamsters 282, OpEngs
Delta Airlines Terminal 3&4 @ JFK	Nov-10	15% shift differential (rather than O/T) for M-F	Standard set of 8	Two 10-minute coffee breaks (one a.m. and one p.m.) at work locations	PLA SILENCE	BCTC & BTEA; most craft locals, incl. Teamsters 813 & 814	Teamsters 282, OpEngs
Video Lottery @ Aqueduct Raceway	Nov-10	O/T @ 1.5x; management flexibility on materials, techniques, methods and equipment (except as prohibited by existing CBAs)	Standard set of 8	No organized breaks; individual coffee containers permitted at work locations	Only by specific management request	Tutor Perini & BCTC; Heat & Frost 12, Pavers & Road Builders, Ironworkers, Laborers, Lathers, Metal Polishers, Painters, Plumbers	Bricklayers, Carpenters, Cement & Concrete Workers, Electricians, Teamsters, OpEng, et al.

Additional common element: management selection of forepersons.

Source: RPA-CUI

Figure 7-3. Project Labor Agreements in New York City

All include: 8-hour workday for all craft trades; flexible start times; no work stoppages (strikes, lockouts); no disruptions (slowdowns, picketing); working shop stewards; grievance/arbitration procedures for all but jurisdictional disputes and work stoppages; New York Plan for jurisdictional disputes.

Public-sector agreements

PLA name	Date Announced	Key Provisions in Addition to Common Elements	Holidays	Coffee Breaks	Temporary Services	Players	Non-Players
NYC SCA renovation/ rehabilitation (original)	Jan-05	5% shift differential (rather than O/T) for M-F; Sat makeup days @ straight time for time lost due to "severe, power failure, fire or natural disaster"; 5% differential (rather than O/T) for 2nd & 3rd shifts on Sat & Sun makeup days	Standard set of 6	No organized breaks; individual coffee containers permitted at work locations	PLA SILENCE	NYC SCA, BCTC (& BTEA); Bricklayers	
NYC SCA renovation/ rehabilitation (renewal)	Nov-09	5% shift differential (rather than O/T) for M-F; Sat makeup days @ straight time for time lost due to "severe, power failure, fire or natural disaster"; 5% differential (rather than O/T) for 2nd & 3rd shifts on Sat & Sun makeup days	Standard set of 8	same as above	PLA SILENCE	NYC SCA, BCTC (& BTEA); most craft locals, incl. Teamsters 813 & 814, OpEng 14	Teamsters 282, OpEng 15
NYC renovation/ rehabilitation (DDC et al.)	Nov-09	5% shift differential (rather than O/T) for M-F; O/T @ 1.5x Mon-Sat; Sat makeup days @ straight time for time lost due to "severe weather, power failure, fire or natural disaster"	same as above	same as above	Only by specific management request	NYC, BCTC (& BTEA); most craft locals, incl. Teamsters 813 & 814	Teamsters 282, OpEngs
NYC DEP renovation/rehab	Nov-09	same as above	same as above	same as above	same as above	same as above	same as above
NYC DDC new construction	Nov-09	O/T @ 1.5x Mon-Sat	same as above	same as above	same as above	same as above	same as above
NYC DSNY new construction	Nov-09	same as above	same as above	same as above	same as above	same as above	same as above
NYC DPR new construction @ Bx River Greenway Greenhouse	Nov-09	same as above	same as above	same as above	same as above	same as above	same as above

Additional common elements: full work day (workers at work stations at starting time) and management flexibility on materials, methods, and equipment (except as prohibited by existing CBAs).

Source: RPA-CUI

Chapter 4
Historic Jurisdictional Disputes Thwart Productivity

The New York Plan (*New York Plan for Settlement of Jurisdictional Disputes*), which defines the terms and procedures for adjudicating disputes and grievances, is jointly administered by the BCTC and BTEA. BTEA member trade associations and companies are generally signatory to the New York Plan.

Quarrels between unions over jurisdictional claims—which crafts are contractually entitled to perform which tasks—have constituted one of the most contentious areas within collective bargaining from its earliest days. Indeed, the New York Plan was devised in 1903 to provide a defined route for resolving the jurisdictional disputes among trade unions that had been causing bitter work stoppages during the volatile years following the 1885 invention of the skyscraper.[26] Iron, steel, glass, and reinforced concrete—the skyscraper's fundamental building materials—all became targets of jurisdictional battles. Plasterers, bricklayers, and cement finishers fought among themselves over laying the concrete, while lathers and ironworkers fought over reinforcing bar (rebar). Rapidly evolving technological innovations in the 20th century ushered in new arguments between, for example, carpenters and sheet-metal workers over installing metal window frames, doors, and trim. Indeed, every innovation in construction methods or materials introduced new disputes.

The New York Plan's adjudicated determinations, which are promulgated in the *Green Book* (*New York Green Book Decisions*), are "used in the award of all construction contracts for the scope of work that was the subject of the dispute" and supersede jurisdictional assertions made in collective bargaining agreements.[27] Some active decisions date back to the early 20th century:

- The work of cement finishing, for example, is disputed between two unions. Floating a skin of cement and troweling it down on the bottom of arches and on girders and spandrels is in the possession of the plasterers. Yet brushing a coat of thin cement onto finished arches is in the jurisdiction of the cement workers.[28]

- All independent or freestanding scaffolding built of wood, when over three horses or 14 feet high, is extraordinary scaffold, requiring carpenters tools and to be built by carpenters, no matter what trades use it once it is erected. Yet when the planking of scaffolding is to be used by bricklayers, it must be placed or replaced for their use by bricklayer laborers.[29]

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[26] The process itself is not dissimilar to that of the national plan for settling jurisdictional disputes. Its importance, however, in the day-to-day reality of construction—as well as its serious cost implications—is unique to New York. In its explanation of how the New York Plan works, BTEA notes that only those national agreements (that is, between internationals and national contractor associations) that are consistent with the prevailing trade practice in New York City are recognized in local jurisdictional assignments.

[27] Federal Occupational Health & Safety Administration (OSHA) regulations also supplement or supersede many *Green Book* determinations.

[28] Cement work decision 49, 1909, page5 of 7-page PDF.

[29] Carpentry decision 15-2b, 1928, page 3 of 24-page PDF.

And while the skills and tools employed by the disputing trades drive many decisions, the logic of others—the responsibility of plumbers for installing glass shelves in bathrooms, for example—derives from logistical considerations.[30] Whatever their origins, these disputes can become bitter today, preventing a building from opening when plumbers, or other disputed union workers, are not available to finish an apartment.

As technologies evolve, the most modern buildings give new life to ancient quarrels. In the recent disagreement between carpenters and electricians about which union should install reflector black-outs in the just finished Goldman Sachs headquarters in Battery Park City, the New York Plan arbitration panel found for both unions. "The disputed work is part of a 'Grid System,'" ruled the arbitrator, and "the 'lighting reflector black-out' also referred to as the 'baffle' is part of the 'ceiling materials and/or fixtures' and that the 'drilling of holes for fixtures stems supports the light fixture.'" The arbitrator therefore decided "that the installation of the 'lighting reflector black-out' is the work of the carpenters. And that the 'drilling of holes for fixture stems' is the work of the electricians."[31]

In addition to mandating the use (and payment) of two people to perform the work of one, these resolutions have the odd feeling of a ritualistic compromise—each trade gets something. But the Solomonic division only further compounds the inefficiency and complexity of union construction—and the lack of a rational management decision-making structure. Another consequence of these decisions is that trades are sometimes awarded work for which they are neither trained nor skilled. For example, installation of bathroom fixtures such as towel-bars, shelving and toilet-paper holders requires carpentry skills and tools, yet plumbers have jurisdiction for these tasks. In this environment, the unions are aggressive controllers of the work, with management largely left on the sidelines of jobs for which it has nominal responsibility.

Over the last century, through the *Green Book* mechanism, hundreds of jurisdictional determinations made according to the plan have been incorporated into the language of various CBAs. Thus, construction firms with union agreements are bound by details of the historical record, as well as their contractual responsibility to the overall adjudication process. Because of this, they are implicated in the work rules and practices of all trade locals, not just the locals with which they have a direct contractual relationship. In obstructing efficiency and productivity, the New York Plan functions as a deterrent to employing union labor.

Jurisdictional strikes can damage any complex business, but according to economist James Hunt they occur most often in the construction industry.[32] And, according to developers who build elsewhere, jurisdictional disputes tend to be more serious in New York. Some of New York's competitor cities—Washington DC and Baltimore, for ex-

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[30] Plumbing decision 202-2a, 1959, pages 9-10 of 13-page PDF.
[31] Electrical Work decision 100-M, 2009, page 18 of 46-page PDF.
[32] James W. Hunt and Patricia K. Strongin, *The Law of the Workplace: Rights of Employers and Employees*, 3rd edition (Washington, D.C.: BNA Books, 1994).

ample—do not have a history of jurisdictional disputes or work stoppages in their construction industry, instead operating as informal open shops by which management makes work assignments. Such developers estimate the cost of jurisdictional disputes—including time lost in identifying and arguing the question and increased task handoffs once the issue is resolved—as 20 percent of the labor premium for working in New York. And virtually all employers decry a system that encourages a culture of extreme fragmentation of work.

The Issue: Jurisdictional disputes, which seriously undermine productivity and increase costs in New York, are not even an issue in other competitor cities. Yet they provide a serious motivation for developers and contractors to adopt merit or open shop arrangements. Beyond wages, benefits, even work rules, jurisdictional divisions have become the most important disincentive for employing union labor, and. provide a glaring example of the outmoded inefficiency of the union system. The New York Plan is choking union construction.

Chapter 5
Culture and Traditions Promote Inefficiency in Construction Work

History thrives on a union construction site. The legacy of a century of jurisdictional battles memorialized in highly prescriptive collective bargaining documents has shaped a culture in which work responsibilities are strictly defined and categorized, delimiting what a given worker will or will not do and creating a legalistic atmosphere that is hostile to productivity. The almost tribal tensions are exacerbated by traditions of racial discrimination, as well as infiltration and exploitation of some unions by organized crime.[33]

These conflicts lead to excessive wastes of time on the work site, while workers from one trade wait for workers from another trade to complete a task affecting the critical path. An electrician, for example, will commonly refuse to move a plank blocking his way—instead, waiting for a carpenter to do the job.

Not only is the division of labor determined by the outcomes of decades of jurisdictional decisions, but tasks, tools, and techniques are specifically prescribed and forbidden. Worldwide, construction is an industry notorious for one of the slowest rates of technological adoption and advance.[34] In addition to this virtually universal baseline, the New

[33] Over the decades, federal authorities have investigated, prosecuted, and restructured numerous union locals in New York and elsewhere. Internationals have also stepped in to clean up corrupt locals. Most recently, the United Brotherhood of Carpenters & Joiners dissolved Local 608 and merged it into Local 157, and LIUNA shut down Local 1018 (pavers).

[34] "Advancing the Competitiveness and Efficiency of the U.S. Construction Industry," National Institute of Standards and Technology, 2009, notes that analysts disagree about the construction industry's productivity, with some claiming that productivity has been declining for nearly 30 years or more. The report cites the fragmented nature of the industry's participants and processes as among the reasons for waste and inefficiency in construction, and identifies five "opportunities for breakthrough improvements," including better coordination and management on the job site (facilitated by information technologies and automated

York industry has staffing and equipment requirements whose reason for being long ago disappeared. (This situation is made even worse by New York's uniquely controlling and punitive regulatory environment that reinforces the industry's tendency to shun technological innovations. This will be explored in a later study.) Operating engineers and vertical transport represent particularly egregious cases of this phenomenon:

- For every Local 14 operating engineer running a major piece of equipment, a Local 15 'oiler' tags along—a vestige of the mid-20th century, when equipment required frequent lubrication.[35] Nowadays, thanks to the modern equipment deployed, oilers have little to do, and spend their highly paid time "polish[ing] the crane like fire trucks." For a building of approximately one million square feet (50-60 stories) and an 18-month construction schedule, the fully loaded cost for each unneeded oiler is approximately $190,000.

- Once a job employs at least three tower cranes (or five pieces of large equipment, such as cranes or bulldozers), the operating engineers require a Local 14 master mechanic on the site whenever work is under way. In the early 20th century, the master mechanic was responsible for ensuring the operating condition of all equipment. Now, however, most equipment is maintained either by the company that manufacturers it or owns it. The situation is similar for equipment over which Local 15 maintenance engineers have jurisdiction. A general contractor cited a recent project in which the union's work rules mandated that he employ five operating engineers although he only needed three—a 67 percent premium for that portion of the job. This is not an insignificant price. On an 18-month job to build a million-square-foot building, the fully loaded cost of a master mac—including the extensive overtime required by contract—is more than $500,000. Hiring the two redundant master macs imposes a million-dollar burden.

- The jurisdictional claim on vertical transport also dates back to an earlier technological time. Today's union construction jobs use separate vehicles for vertical transport of people and materials (run by operating engineers at about $99 per hour fully loaded with overtime at double-time). The required skills are pushing elevator buttons and opening and closing elevator gates or doors. The opportunity for overtime is enormous, since elevators must be staffed each day from before the first workers arrive until after the last ones leave. The cost and operational issues include:

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equipment) and "greater use of prefabrication, preassembly, modularization, and off-site fabrication techniques and processes." pp 2-5 (11-14 of PDF).

[35] That is, more than 35 tons. Operating engineers claim jurisdiction for anything with a motor—from a kerosene heater to a tower crane.

Engineers Are the Costliest Workers on a High-Rise Construction Site

Claiming jurisdiction over anything with a motor—from kerosene heaters to tower cranes—operating engineers (Locals 14 and 15) are largely in control of the progress of the work.

Local 14 members (approximately 1600) operate the cranes that lift steel beams and other construction materials into place. Local 15 members (approximately 5000) are excavators and earth movers on public works and heavy construction jobs. In building construction, Local 15 engineers historically maintained the hoisting equipment operated by Local 14 engineers. With advances in equipment and technology over the years, however, the need for the oiler position has steadily decreased. With their companion relationship, a Local 15 oiler, sitting on a crane with a Local 14 operator, although adding little value to the job at hand, may be logging time toward his own crane license.

The unions are closely entwined with DOB's (Department of Building) procedures for training and licensing. While a Hoist Machine Operator (HMO) license does not legally require union membership, an aspiring operator must "have had at least three years experience within the five years prior to application under the direct and continuing supervision of a licensed hoisting machine operator" for the basic A-class license and then an additional "two years experience prior to application under the direct and continuing supervision of a Class B licensed hoisting machine operator operating the equipment for which they are applying for [the Class B] endorsement." [36] In effect, union membership becomes a *de facto* requirement for A- and B- class licenses, since nearly all the licensed hoist operators supervising the apprenticeship are Local 14 members.[37] To renew a license, an operator must provide unspecified evidence of fitness to perform the work; retesting is not required.[38] An applicant seeking to expand a Class A license into the Class B that covers the full universe of hoisting equipment must provide for the practical exam: a suitable site for the exam, "a NYC licensed Class B sponsor who will serve in the cab of the crane during the test," and "an appropriate long boom crane with booms (including jibs and other extensions) exceeding two hundred feet in length or truck-mounted tower cranes exceeding two hundred feet in

[36] Since September 2009, New York City has required National Commission for the Certification of Crane Operators (NCCCO) certification for a license to operate smaller C-class HMOs. Experience under a qualified, licensed supervisor may be obtained in eight cities other than New York. Combined with an exam administered by an accredited non-profit organization that develops performance assessments for safe crane operations nationwide, this change opens up C-class opportunities considerably.

[37] According to the exam instructions: "To qualify, work experience must have been obtained under the direct supervision of a tradesperson who is duly authorized to perform such hoisting and rigging work in the jurisdiction in which this hoisting and rigging work is performed. For example, for hoisting experience obtained in the City of New York to qualify, that hoisting experience will be recognized only if it has been obtained under the direct supervision of a hoisting machine operator licensed by the City of New York."

[38] Administrative Code of the City of New York, Title 28-405.4.

height." Clearly such test materials are not readily available—except to Local 14 members and contractors who regularly employ Local 14 members.

Due to their small numbers, high level of skill, and intimate relationship with the licensing process, operating engineers have long been fully employed. Thus, they have shown little interest in reforming their practices or otherwise reducing their cost to employers. They maintain four different collective bargaining agreements with four different expiration dates:

Figure 8. Contract Expiration Dates for Local 14 & 15

Contract Partner	Expiration Date
NYC Demolition Contractors Association	June 30, 2010
BCA, CAGNY, and Cement League	June 30, 2011
Allied Building Metal Industries	June 30, 2012
GCA	June 30, 2014

Source: BTEA

Operating engineers signed the original—and for them, largely irrelevant—School Construction Authority PLA for rehabilitation and renovation of school buildings. Such construction work would rarely, if ever, require a crane. While they signed onto the core provisions of the original Economic Recovery PLA (Figure 7), they have not since signed any other PLAs, public or private, including the Economic Recovery renewal.

Like many successful unions, the operating engineer strategy is to tightly control entry into their brotherhood, keeping their numbers small and limiting supply. The wages and benefits at stake for this trade, however, are extremely high. The DOB licensing requirement gives Local 14 very significant negotiating power. Moreover, the engineers take advantage of the fragmented landscape of New York construction by maintaining multiple complex agreements, with the ability to leverage favorable terms negotiated in one to set the table for similarly favorable terms in the others.

The Issue: Reconsider, revise, and open up DOB's training and licensing procedures, establishing reciprocal licensing with other jurisdictions, such as Chicago, where construction conditions are similar to New York's. In the interim, extend the NCCCO approach already in use for C-class licenses to A and B classes. Adopting NCCCO licensing would also bring New York City in compliance with coming OSHA regulations requiring retesting for license renewal.[39]

[39] New regulations including the requirement that the "licensing department/office has testing procedures for re-licensing designed to ensure that the operator continues to meet [OSHA's] technical knowledge and skills requirements" take effect November 10, 2014. OSHA 1926.1427(e)(2)(iv).

- requirement for specially designated, segregated modes, rather than a certain number of lifts per site, as determined by size and type of job[40]
- jurisdictional claim of higher-paid operating engineers for vertical transport, which laborers are fully capable of running (at about $60 per hour fully loaded with overtime at time-and-a-half)
- requirement that highly paid operating engineers run even standard, interior building elevators, as long as construction workers are on the site

> For a one-million-square-foot building and 18-month construction schedule, one year of exterior and interior work could require as many as six hoists operating, followed by six months of interior work only with four hoists operating. Assuming an 8-hour day for all trades (true for the original Economic Recovery PLA, but not for operating engineers otherwise) and average overtime demands of four hours per day for ten days each month, the total savings possible from using appropriately skilled laborers rather than overskilled operating engineers is nearly $647,000.[41]

A major owner-builder calculates that the cost of low-productivity or no-work jobs—including master mechanics, oilers, and Teamster foremen—over his last several projects comes to roughly one dollar per square foot.[42] Thus a one-million-square-foot project incurs roughly a one-million-dollar penalty in these wasteful expenditures alone.

But the most contentious area of featherbedding is probably the temporary (or standby) services, by which employers are contractually required to have steamfitters, electricians, and plumbers present full time to monitor heat, electricity, and water serving the construction site. The fully loaded annual straight-time cost for the complete standby team of five trades is approximately $900,000, and overtime could cost an additional $400,000, assuming four hours per day for 150 days. Even accepting half of such monitoring services as needed for the job—which is unlikely—the waste totals hundreds of thousands of dollars.[43] The rules—and thus expenses—are less onerous than they were a few years ago, but, given today's technology and construction techniques, this practice is equivalent to having a plumber permanently on hand in an apartment building, just in case of a leak—rather than calling one when a leak actually occurs. Industry professionals recognize that some projects can require some standby services some of the time—but not all

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[40] Hoist operators themselves recognize the senselessness of the division, as they agree—or refuse—to transport people and materials depending on circumstance, including money. Numerous contractors tell of bribing hoist operators to accept management's priorities for materials and workers.

[41] Straight-time savings of $378,000 and overtime savings of $349,920. Savings would be even greater if calculated on the more accurate assumption of a 7-hour day for operating engineers.

[42] The sole responsibility of a teamster foreman (Teamster Local 282) is to check the union credentials of drivers delivering construction materials to the job site. This task is valuable to the union, but contributes nothing to the project.

[43] This simplified calculation assumes an average fully loaded wage of $90 per hour and time-and-a-half overtime across the five trades. In fact, overtime is a mix of time-and-a-half and double-time.

of them all of the time. The decision to deploy such expensive resources should be management's to make, as it is in most project labor agreements.

Naturally, unions try to have as many of their members employed as possible. Thus, they retain—and encourage their membership to abide by—work rules, practices, and traditions that mandate more work time than is actually needed to complete various tasks. Electricians (IBEW Local 3) famously fought the introduction of cordless tools for years. Metallic Lathers (Local 46) must by contract bend rebar at the work site—and in teams of three—even though bending on site is far more expensive and dangerous than in the quality-controlled factory conditions common throughout the rest of the world.[44] (Rebar is a steel reinforcing bar that is inserted prior to pouring concrete to carry tensile loads.) Moreover, two workers on a bending machine is standard in a factory setting, making the New York City crew of three equivalent to a 50 percent premium for completing the task. Contractors estimate that $50 per ton could be saved by bending rebar off-site. While costs vary based on type of steel required and on-site staging and storage space available, for a million-square-foot project, this change could yield savings of $100,000-$450,000. Similar to this lather overstaffing, twice as many steamfitters are required in New York City as elsewhere.[45]

Contractors and owner-builders estimate that they obtain only 4 to 5 hours of productive work for every 7-hour shift paid.[46] The temporary and volatile nature of the construction business encourages many workers to try to extend every job as long as possible. Various practices inflate the time—and therefore the required worker pay. These practices include the numerous work-task handoffs among trades, the specific mandates for crew makeup and methods used (such as the steamfitter and lather crews), and starting and ending the paid work day at the local's ground-level shanty rather than wherever on the site the work is to be done. Transport to and from the actual work location takes excessive time—and lunch often adds a second roundtrip. Because of the large number of workers involved, this item represents the greatest opportunity for savings. Assuming an 18-month project, a 500-person workforce, and an average fully loaded wage of $75 per hour, achieving an additional 1.5 hours per day of productive work would be worth over $21 million.

The Issue: Today's recessionary economy has no place for nonproductive trades. Unions need to consider that the high cost of unproductive work practices will deter future use of union labor. Today's experienced nonunion developers and contractors insist that they be able to manage their construction sites properly—an attitude that has helped them garner market share from unionized firms. All jobs must be working jobs.

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[44] One leading concrete subcontractor says that he prefers rebar bent on site, to allow him to observe the process and thus ensure quality of the work.

[45] Local 638 work rules require that steamfitters work in pairs. This is the "two-man rule" or "two-man train."

[46] Hill International's estimate of 8 percent cost savings from the combination of standardized holidays and workweeks makes no assumptions about how much of a 7- or 8-hour day is productive work time.

Chapter 6
Nonunion Labor is Gaining on the Once Impervious Union Monopoly

High-rise construction in New York has until recently been built union. Utility and public works, as well as institutional construction, have also been mainly built union. But union wage rates and benefits have always been too expensive for other sectors of the construction industry, namely 1-, 2-, and 3-family homes, affordable housing, and most low- or mid-rise buildings in the four boroughs other than Manhattan.

While New York has historically been strongly pro-union, it has always had a flourishing and substantial nonunion construction sector. Since the early 1980s, contractors and developers who began by building affordable housing outside Manhattan have since entered the Manhattan-centric world of development.

Companies such as BFC Partners, Douglaston Development, and L+M Development Partners have moved beyond ten-story block-and-plank construction. Negotiating site-specific, targeted agreements with unions, Douglaston now builds 18-40 story buildings entirely union—its Edge condominium abuts Northside Piers. L+M continues to serve as its own general contractor for affordable projects and has added luxury development to its portfolio, at Northside Piers, for example. Their crossover into the Manhattan real-estate market is unsettling a world in which financially oriented developers hired general contractors, who oversaw hiring subcontractors, who in turn hired workers from the hall. These firms represent the future of the private construction industry in New York.

Firms like these seldom have more than three projects in construction simultaneously. They have cultivated nonunion subcontractors that have grown along with them—and are now strong enough to build ambitious high-rises like BFC's Toren in downtown Brooklyn or Northside Piers and The Edge on the Williamsburg waterfront. Conventionally all-union developers have begun to turn to such subcontractors for bids—even as union subcontractors have created nonunion companion companies in anticipation of the expiration of many CBAs in 2011.

In addition, the Toren's elegant façade—manufactured in Argentina and shipped to Brooklyn—stands as both a reprimand to the wasteful rules that prohibit use of prefabricated materials on union sites and a gauntlet thrown down for the future. The tallest, most impressive new building in Brooklyn was not only built nonunion—its entire front was constructed outside of New York City. The Toren is a testimonial to the economic self-destructiveness of union work rules.

Leading developers now regularly have their own in-house construction staff partner with the general contractor or construction manager. More and more, they select trade subcontractors, rather than leaving such choices to the GC or CM. They meet with union officials, negotiating favorable terms for their projects. They inspect the work site, finding safety problems and ordering them fixed, identifying individual workers for promotion or demotion. They know that Manhattan-style high-rises are being built nonunion in

Brooklyn with labor costs 20-30 percent lower than theirs. And they're considering their options.

The Issue: Nonunion-built, Manhattan-style high-rises being developed in Brooklyn expose the tenuous future of unionized construction, which will gradually erode unless serious reforms are undertaken during the current contractual negotiations. The costs to developers of undertaking exclusively unionized major construction projects are rapidly becoming too high.

Chapter 7
Union Development Carries at least a 20 Percent Premium

Along with lower land prices, the use of nonunion labor to build most housing outside Manhattan has made renting and buying far more affordable than it would otherwise be.

Figure 9 compares the development of a 20,000-square-foot site (200,000 gross square feet in zoning floor area) in Brooklyn and Manhattan, using 70 percent debt financing at an 8 percent interest rate. In addition to the zoning floor area, the job requires building 20,000 square feet of below-grade space and assumes a 16 percent residential loss factor. After deducting for lobby, ground floor commercial, amenities, and above grade mechanical spaces, only 150,000 sellable square feet remain.[47]

Figure 9. Labor Costs Influence Affordability in Apartment Construction

	OPTION 1: UNION		OPTION 2: NONUNION	
	Total Cost	SF Cost	Total Cost	SF Cost
BROOKLYN				
Land	$10,000,000	$45	$10,000,000	$45
Hard Costs	71,500,000	325	49,500,000	225
Soft Costs	17,875,000	81	17,875,000	81
Financing	13,422,957	61	10,451,334	48
TOTAL	$112,979,957	$513	$87,826,334	$399
Residential breakeven per NSF		$757		$580
MANHATTAN				
Land	$50,000,000	$227	$50,000,000	$227
Hard Costs	71,500,000	325	49,500,000	225
Soft Costs	17,875,000	81	17,875,000	81
Financing	18,825,908	86	15,854,285	72
TOTAL	$158,200,908	$719	$133,229,285	$606
Residential breakeven per NSF		$997		$820

Source: RPA-CUI

[47] Hard costs cover labor and materials. Soft costs include architecture, legal, and marketing. Financing includes interest, title insurance, and overhead.

The union-built condominium will be 20-25 percent more expensive to develop. Including 6 percent broker fees, Option 1 (union) would break even at sales of $757 per square foot in Brooklyn and $997 in Manhattan, while Option 2 (nonunion) would break even at $580 in Brooklyn and $820 in Manhattan.

In Brooklyn, if apartment sales average $750 per square foot, Option 2 (nonunion) would return a profit just under 30 percent. But Option 1 (union) loses money and thus cannot justify the very high risk of development. Under this set of assumptions, the condominium would simply not be built. At least one of the inputs—land cost, interest rate, materials, or labor—would have to change significantly.

Likewise, in Manhattan locations, if apartment sales average $1,000 per square foot, Option 2 (nonunion) will return a profit just under 22 percent. But Option 1 (union) would essentially break even**,** and once again the condominium would simply not be built.

In the wake of the financial crisis, loans became virtually unattainable. For projects about to begin or already in construction in 2009, the land had been bought at a pre-crash premium. Developers trying to build had to focus on materials (choosing less expensive finishes, for example) and labor (using a partially or entirely nonunion workforce, or negotiating more favorable terms with the unions).

The future looks no better. Financing will continue to be far more limited than before the recession, and land, especially in Manhattan, will become scarcer with every project. International events have already driven up the price of petroleum products., and improvements in the world economy will drive up the costs of other construction materials.

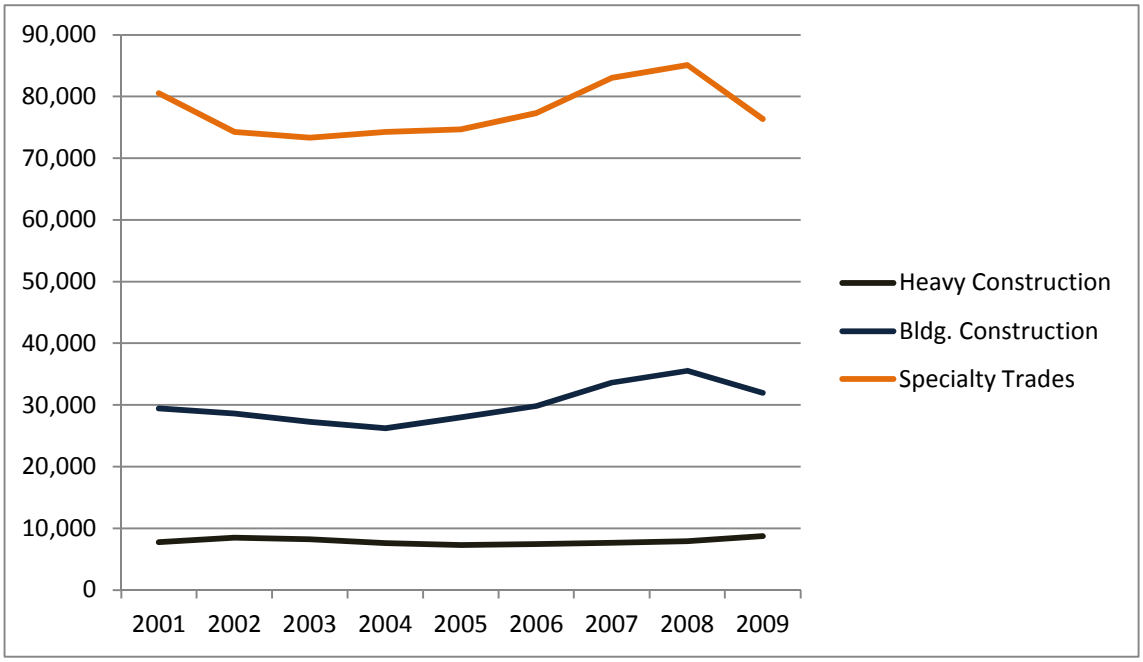
The importance of the nonunion incursion is now recognized by all. As Louis Coletti, president of the Building Trades Employers' Association representing contractors, said in his letter to the Building & Construction Trades Council on December 29, 2010, "We are now confronted with the reality that many buildings, all but the largest and complex, in each of the boroughs, are being built by our nonunion competition. The long-established loyalty of many of New York City's most prominent developers and corporate clients has been placed in doubt—if they have not already declared an outright willingness to build nonunion—unless we significantly reduce the cost of union construction."

The Issue: Given the economic downturn, the 20-30 percent premium that developers must pay to employ a fully unionized workforce leaves them with three choices when considering new projects: appreciably reducing total union costs; employing only or mostly nonunion workers; or not proceeding with the project. Changes in various practices that amount to one simple but momentous change—requiring a fully productive 8-hour workday from all union workers in exchange for their 8-hour paycheck—would bridge much of the gap.

Chapter 8
Most of Today's Building is by Government or Institutions

Unless superseded by a PLA, normal government contracting rules do not dictate the use of union workers, contractors, or subcontractors. The rules do require that every trade be paid prevailing wage. Generally in New York, prevailing wage has been defined by the union rate for wage and benefits. With the growth of nonunion construction, however, this could change—putting the unions at an even greater economic disadvantage. Prevailing wage regulations are silent on work rules.

Figure 11. Construction Employment in New York City, 2001-2009



Source: NYS Department of Labor; New York City Labor Market Information Service, CUNY Graduate Center analysis

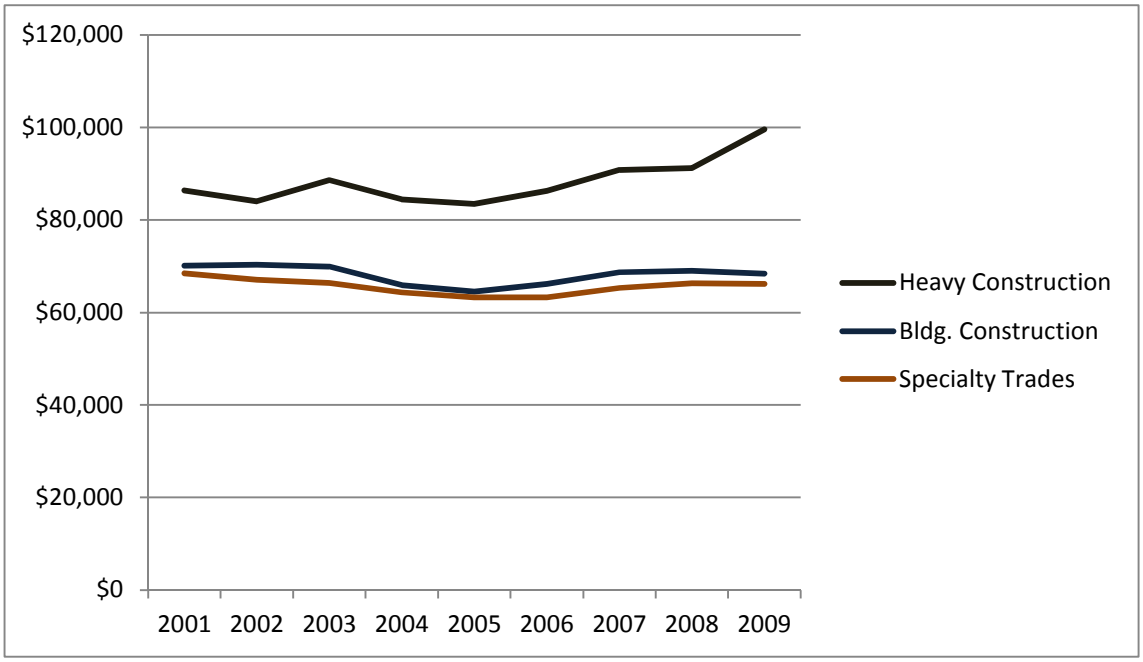
While PLAs cover most new construction and renovation of city-owned buildings, they do not currently govern classic public works such as road repair or sewer installation. Nor do they cover subway, railroad, and bridge projects. All of these generally employ a different set of subcontractors and unions from building projects.

Neither the MTA (Metropolitan Transportation Authority) nor the Port Authority has yet negotiated a PLA for its capital work, in part because both are exempt from the Wicks Law.[48] Nonetheless, using a PLA similar to the School Construction Authority's might yield considerable overtime savings. The PLAs governing the expansion of Delta's terminal at Kennedy Airport and the rehabilitation of Madison Square Garden apply shift differentials modeled on SCA's PLA.

[48] Unions offer PLAs to secure work they believe they would otherwise not have access to (school renovations, for example, or private development during the economic downturn). They have resisted providing PLA terms attractive to the Port Authority and MTA for capital work they consider to be securely union jobs, with or without concessions from them.

As currently constituted, PLAs have not produced the promised savings in government projects, but they offer a serious negotiating tool on the way to fundamental reform. At Ground Zero, the largest construction site in the city, neither the memorial nor any of the infrastructure work—all controlled by the Port Authority—is subject to a PLA.[49] As of early 2011, unemployment among union construction workers in New York stands at 25 percent or higher. Without the capital contracts from the Port Authority and the MTA, union unemployment would be double that. The public and institutional sectors drive the market during this extended recession in residential building.

Figure 12. Average Construction Wage in New York City, 2001-2009



Source: NYS Department of Labor; New York City Labor Market Information Service, CUNY Graduate Center analysis

Chapter 9
The Future

The public sector's prevailing wage requirements will continue to sustain the presumption of a union workforce, even when not required by a PLA. The merit-shop approach will continue to be available, but most public and institutional projects will remain fully unionized for political and legislative reasons.[50]

[49] Nor is Tower 1 (also under Port Authority jurisdiction) even though Tishman Construction, its general contractor, serves the same role for Silverstein Properties on Towers 3 and 4, which are being built under the Economic Recovery PLA. Tower 2 (Turner Construction for Silverstein Properties) is also under the Economic Recovery PLA.

[50] Depending on the status of the general contractor they employ. Contractors who are signatory to the New York Plan are obligated to be fully union. Many are considering using the 2011 expiration of CBAs to allow their contracts under the New York Plan to lapse.

Private-sector developers will decide their approach case by case. That said, all-union jobs lacking a PLA are likely to become extinct. Developers willing to pay the union premium for peace of mind—more consistent speed and quality, possibly more favorable financing and insurance—will use a PLA. Those who are willing to take on additional risk of lower quality and speed in return for greater direct management control and flexibility will adopt a merit shop—possibly, but not necessarily, paying prevailing wage.

Figure 13. Unions are Most Likely to Weaken Further in Private Construction

	Prevailing wage	All union (PLA)	All union (if not PLA)	Open shop
Private	Possible	Likely	Unlikely	Likely
Institutional	Expected+	Likely	Likely	Possible
Public bldgs.	Required	Yes	Likely	No
Public works	Required	No	Likely	Possible
Utility	Expected+	No	Likely	Possible

Source: RPA-CUI

The Issue: If current trends of ongoing incursion by nonunion contractors and developers continue, time alone will gradually erode union construction in New York until it becomes the province of very large development alone. The alternative is for current contractual negotiations to produce progressive, cost-reducing labor agreements to modify these trends. In practice, this means:

- *eliminating nonproductive jobs, practices, and work rules removing restrictions on the contractor's choice of equipment, technology, tools, methods, designs, and materials, prefabrication and off-site work—all of which should be within the domain of management discretion*
- *abolishing contractual requirements for temporary services*
- *beginning and ending the work day at assigned station*
- *calculating a 8-hour day, 40-hour week as standard, with overtime to be paid at time-and-a-half over 40 hours*
- *permitting staggered start times among and within trades*
- *limiting paid holidays to nationally recognized major holidays*

A 10 percent differential between union and nonunion construction is tolerable, say many union developers and contractors. A 20-30 percent differential is not. If the high differential continues, some projects that would have been union in earlier times will become merit shop, other projects will not go forward.

Appendix A: New York City Construction Trades Union Locals

Union D/C or Local	Official Name	Informal Name	Contract Partners	Membership	Special Issues	Contract Expiration
Carpenters umbrella						
District Council 7	United Brotherhood of Carpenters & Joiners of America, New York City District Council	New York City District Council of Carpenters	BCA; CAGNY; GCA; Assn of Wall-Ceiling & Carpentry Industries; Greater New York Floor Coverers Assn; Cement League; Hoist Trade Assn	22,855		6/30/2011
Carpenters Local 20	United Brotherhood of Carpenters & Joiners of America, Local 20	Staten Island Carpenters	same as above	560	Covered by New York City District Council of Carpenters	6/30/2011
Carpenters Local 45	United Brotherhood of Carpenters & Joiners of America, Local 45	Queens Carpenters	same as above	2,000	Covered by New York City District Council of Carpenters	6/30/2011
Carpenters Local 157	United Brotherhood of Carpenters & Joiners of America, Local 157	Carpenters (Manhattan & Bronx)	same as above	4,356 + 7,725 from Local 608 = 12,081	Covered by New York City District Council of Carpenters	6/30/2011
Local 608		Carpenters			Dissolved Dec.2010 and merged with Local 157	6/30/2011
Carpenters Local 740	Mill Wright & Machinery Erectors	Millwrights	BCA; CAGNY; Assn of Wall-Ceiling & Carpentry Industries; Greater New York Floor Coverers Assn; Cement League	383	Covered by New York City District Council of Carpenters	6/30/2011
Carpenters Local 926	United Brotherhood of Carpenters & Joiners of America, Local 926	Brooklyn Carpenters	BCA; CAGNY; GCA; Assn of Wall-Ceiling & Carpentry Industries; Greater New York Floor Coverers Assn; Cement League	1,738	Covered by New York City District Council of Carpenters	6/30/2011
Carpenters Local 1456	Dockbuilders	Dockbuilders	GCA	1,861	Covered by New York City District Council of Carpenters	6/30/2011
Carpenters Local 1536	Carpenters, Timbermen, Hod Hoist Carpenters & Core Drillers	Timbermen	GCA	1,064	Covered by New York City District Council of Carpenters	6/30/2011
Carpenters Local 2287	Resilient Floor Coverers, Local 2287	Floor Coverers	Greater New York Floor Coverers Assn	1,337	Covered by New York City District Council of Carpenters	6/30/2011

Source: BTEA and local web sites, local-specific pages at www.unionfacts.com for membership numbers

Union D/C or Local	Official Name	Informal Name	Contract Partners	Membership	Special Issues	Contract Expiration
Painters umbrella						
District Council 9	District Council 9 of the Int'l Union of Painters and Allied Trades	Painters	Assn of Wall-Ceiling & Carpentry Industries; Cement League; Assn of Master Painters & Decorators of NY	9,871		4/30/2011
District Council 9	District Council 9 of the Int'l Union of Painters and Allied Trades	Painters	Structural Steel Paint-ing Contractor Assn	9,871		9/30/2011
Structural Steel & Bridge Painters Local 806	Int'l Union of Painters and Allied Trades, Local 806	Bridge Painters		806	Covered by DC9 of the Int'l Union of Painters and Allied Trades	9/30/2011
Glaziers Local 1087	Int'l Union of Painters and Allied Trades, Local 1087	Glaziers	Window and Plate Glass Dealers		Covered by DC9 of the Int'l Union of Painters and Allied Trades	4/30/2011
Glaziers Local 1281	Int'l Union of Painters and Allied Trades, Local 1281	Glaziers		820	Covered by DC9 of the Int'l Union of Painters and Allied Trades	9/30/2011
Maintenance Painters Local 1456	Int'l Union of Painters and Allied Trades, Local 1456	Maintenance Painters		180	Covered by DC9 of the Int'l Union of Painters and Allied Trades	9/30/2011
Tapers Local 1974	Drywall Tapers & Pointers of Greater NY, Local 1974	Tapers	Assn of Wall-Ceiling & Carpentry Industries; Assn of Master Painters & Decorators of NY	450	Not affiliated with Int'l Union of Painters & Allied Trades	4/30/2011
Metal polishers						
Metal Polishers Local 8A-28A	Metal Union Polishers, Local 8A-28A	Metal Polishers			Suing to withdraw from Int'l Union of Painters & Allied Trades	

Source: BTEA and local web sites, local-specific pages at www.unionfacts.com for membership numbers

Union D/C or Local	Official Name	Informal Name	Contract Partners	Membership	Special Issues	Contract Expiration
Teamsters umbrella						
Teamsters Local 282	Teamsters Local 282	Teamsters	NYC Demolition Contractors Assn	3,597		6/30/2011
Teamsters Local 282	Teamsters Local 282	Teamsters	BCA; CAGNY; GCA; Assn of Wall-Ceiling & Carpentry Industries; Greater New York Floor Coverers Assn; Cement League	3,597		6/30/2013
Teamsters Local 813		Private Sanitation Carters		2,793		
Teamsters Local 814		Movers		1,063		
Operating Engineers umbrella						
Local 14	Int'l Union of Operating Engineers, Local 14	Operating Engineers	NYC Demolition Contractors Assn	1,599		6/30/2010 [expired]
Local 14	Int'l Union of Operating Engineers, Local 14-14B	Operating Engineers	BCA; CAGNY; Cement League	1,599		6/30/2011
Local 14	Int'l Union of Operating Engineers, Local 14-14B	Operating Engineers	Allied Bldg Metal Industries	1,599		6/30/2012
Local 14	Int'l Union of Operating Engineers, Local 14	Operating Engineers	GCA	1,599		6/30/2014
Local 15	Int'l Union of Operating Engineers, Local 15	Operating Engineers	NYC Demolition Contractors Assn	4,858	Feeds Local 14 (including Oilers & Master Mechanics)	6/30/2010 [expired]
Local 15	Int'l Union of Operating Engineers, Local 15, 15A-15D	Operating Engineers	BCA; CAGNY; Cement League	4,858	Feeds Local 14 (including Oilers & Master Mechanics)	6/30/2011
Local 15	Int'l Union of Operating Engineers, Local 15, 15A-15D	Operating Engineers	Allied Bldg Metal Industries	4,858	Feeds Local 14 (including Oilers & Master Mechanics)	6/30/2012
Local 15	Int'l Union of Operating Engineers, Local 15	Operating Engineers	GCA	4,858	Feeds Local 14 (including Oilers & Master Mechanics)	6/30/2014

Source: BTEA and local web sites, local-specific pages at www.unionfacts.com for membership numbers

Union D/C or Local	Official Name	Informal Name	Contract Partners	Membership	Special Issues	Contract Expiration
Ironworkers umbrella						
Iron Workers District Council					Northern NJ, signatory to PLAs	
Local 40	Int'l Assn of Bridge, Structural, Ornamental and Reinforcing Iron Workers, Local 40	Iron Workers	Allied Bldg Metal Industries	1,433		6/30/2014
Metallic Lathers Local 46	Int'l Assn of Bridge, Structural, Ornamental and Reinforcing Iron Workers, Local 46	Lathers	Assn of Wall-Ceiling & Carpentry Industries	1,148		6/30/2012
Metallic Lathers Local 46	Same as above	Lathers	BCA; GCA; Cement League	1,148		6/30/2014
Local 197 (United Derrickmen & Riggers Assoc)	Int'l Assn of Bridge, Structural, Ornamental and Reinforcing Iron Workers, Local 197	Riggers	Bldg Stone and Precast Contractors Assn; Contracting Stonesetters Assn	239		6/30/2013
Iron Workers Local 361	Int'l Assn of Bridge, Structural, Ornamental and Reinforcing Iron Workers, Local 361	Ironworkers	Allied Bldg Metal Industries	1,080		6/30/2014
Local 580	Int'l Assn of Bridge, Structural, Ornamental and Reinforcing Iron Workers, Local 580	Ornamental Ironworkers	Allied Bldg Metal Industries	1,681		6/30/2013
Mason tenders umbrella (includes Laborers other than concrete trades)						
	Mason Tenders District Council of Greater NY		CAGNY	11,242		6/30/2011
	Mason Tenders District Council of Greater NY		BCA	11,242		6/30/2012
Asbestos, Lead & Hazardous Waste Laborers, Local 78	Laborers Int'l Union of North America, Local 78	Asbestos Workers	BCA	2,200	Covered by Mason Tenders District Council of Greater NY	6/30/2012
Asbestos, Lead & Hazardous Waste Laborers, Local 78	Laborers Int'l Union of North America, Local 78	Asbestos Workers	Environmental Contractors Assn	2,200		11/30/2012
Construction & General Bldg Laborers, Local 79	Laborers Int'l Union of North America, Local 79	Laborers	NYC Demolition Contractors Assn	8,138		6/30/2010
Construction & General Bldg Laborers, Local 79	Laborers Int'l Union of North America, Local 79	Laborers	BCA	8,138	Covered by Mason Tenders District Council of Greater N	6/30/2012

Source: BTEA and local web sites, local-specific pages at www.unionfacts.com for membership numbers

Union D/C or Local	Official Name	Informal Name	Contract Partners	Membership	Special Issues	Contract Expiration
Concrete trades umbrella						
Cement & Concrete Workers District Council 16	Laborers Int'l Union of North America, Cement & Concrete Workers District Council					
Cement and Concrete Workers Local 6A	Laborers Int'l Union of North America, Local 6A	Concrete Workers	Cement League			6/30/2011
Cement and Concrete Workers Local 18A	Laborers Int'l Union of North America, Local 18A	Concrete Workers	Cement League	698		6/30/2011
Cement and Concrete Workers Local 20	Laborers Int'l Union of North America, Local 20	Concrete Workers	Cement League	771		6/30/2011
Bldg., Concrete, Excavating & Common Laborers, Local 731	Laborers Int'l Union of North America, Local 731	Excavators	BCA; GCA	4,569		6/30/2012
Bldg., Concrete, Excavating & Common Laborers, Local 731	Laborers Int'l Union of North America, Local 731	Excavators	Environmental Contractors Assn	4,569		11/30/2012
Cement masons umbrella						
Plasterers Local 262	Operative Plasterers & Cement Masons Int'l Assn, Local 262	Plasterers	Plastering & Spray Fireproofing Contractors of Greater NY			1/31/2013
Cement Masons Local 780	Operative Plasterers & Cement Masons Int'l Assn, Local 780	Cement Masons	BCA; Cement League	863		6/30/2011
Bricklayers umbrella						
Local 1	Int'l Union of Bricklayers & Allied Craftworkers	Bricklayers/Stonesetters	BCA	4,506		6/30/2011
Local 1	Int'l Union of Bricklayers & Allied Craftworkers	Bricklayers/Stonesetters	Bldg Restoration Contractors Assn; Contracting Stonesetters Assn	4,506		6/30/2012
Tile, Marble & Terrazo, Local 7	Int'l Union of Bricklayers & Allied Craftworkers, Local 7	Tilesetters	Contracting Stonesetters Assn			6/15/2013

Source: BTEA and local web sites, local-specific pages at www.unionfacts.com for membership numbers

Union D/C or Local	Official Name	Informal Name	Contract Partners	Membership	Special Issues	Contract Expiration
Sheet metal umbrella						
Local 28	Sheet Metal Workers' Int'l Assn Local Union No. 28	Sheetmetal Workers	Sheet Metal & Air Conditioning Contractors Assn of NYC			7/31/2011
Local 137	Sheet Metal Workers' Int'l Assn Local Union No. 137	Sign Workers	Greater NY Signs Contractors Assn			7/15/2013
Plumbers						
Plumbers Local 1	United Assn of Plumbers, Fitters, Welders, and HVAC Service Techs, Local 1	Plumbers	Assn of Contracting Plumbers of the City of NY	5,890		6/30/2012
Steamfitters						
Local 638	Local Union No.638 Metal Trades Branch	Steamfitters	Mechanical Contractors Assn of NY; Assn of Contracting Plumbers of the City of NY	7,187		6/30/2011
Boilermakers						
Local 5	Int'l Brotherhood of Boilermakers, Local 5	Boilermakers	Boilermakers Assn of Greater NY	320		12/31/2012
Heat and frost umbrella						
Local 12	Heat & Frost Insulators & Allied Workers, Local 12	Insulators	Insulation Contractors Assn of NYC			6/30/2014
Local 12A	Heat & Frost Insulators & Allied Workers, Local 12A	Asbestos Workers				
Electricians						
Local 3	Int'l Brotherhood of Electrical Workers, Local Union 3	Electricians	Assn of Electrical Contractors	31,564		5/8/2013
Local 3	Int'l Brotherhood of Electrical Workers, Local Union 3	Electricians	Nat'l Electrical Contractors, NY Chapter	31,564		5/11/2013
Elevator constructors						
Elevator Constructors Local 1	Int'l Union of Elevator Constructors, Local 1	Elevator Constructors	Elevator Contractors Assn	2,570		3/18/2014
Elevator Constructors Local 1	Int'l Union of Elevator Constructors, Local 1	Elevator Constructors	Hoist Trade Assn	2,570		3/17/2015
Roofers						
Local 8	United Union of Roofers, Waterproofers & Allied Workers, Local 8	Roofers	Roofing & Waterproofing Assn	611		6/30/2011

Source: BTEA and local web sites, local-specific pages at www.unionfacts.com for membership numbers

Union D/C or Local	Official Name	Informal Name	Contract Partners	Membership	Special Issues	Contract Expiration
Public Works Only						
Blasters Drill Runners & Miners Local 29	Laborers Int'l Union of North America, Local 29	Blasters	GCA	321		6/30/2012
Tunnel Workers, Local 147	Laborers Int'l Union of North America, Local 147	Sandhogs (Tunnel Workers)	GCA	737		6/30/2014
Pavers & Road Builders District Council	Laborers Int'l Union of North America, Pavers & Road Builders Dis-trict Council					
Highway Street & Road Construction Workers, Local 1010	Laborers Int'l Union of North America, Local 1010	Pavers	GCA	1,482		6/30/2012
Highway Street & Road Construction Workers, Local 1018	Laborers Int'l Union of North America, Local 1018	Asphalt Pavers	GCA	393	Merged with Local 1010	6/30/2012

Source: BTEA and local web sites, local-specific pages at www.unionfacts.com for membership numbers

Appendix B: Letter from Building Trades Employers' Association

BTEA: NEW YORK'S ALLIANCE OF UNION CONTRACTORS
1430 Broadway, Suite 1106 • New York, NY 10018 • www.bteany.com
Telephone: 212 704 9745 • Facsimile: 212 704 4367

Louis J. Coletti
President & CEO

December 29, 2010

Mr. Gary LaBarbera
President
Building and Construction Trades Council
Of Greater New York
71 West 23rd Street, Suite 501-503
New York, New York 10010

Re: **ROADMAP TO RECOVERY**

Dear Mr. LaBarbera,

The Unionized Construction Industry in New York City has reached a defining moment. The current economic crisis has permanently changed the financing of private sector commercial, residential, institutional and interior construction projects; government financing of public capital projects has been reduced, and there is a significant and alarming increase in non-union competition.

In order to address these issues, the BTEA membership is requesting the following actions be taken:

1) An Industry Summit Meeting be held in January 2011;
2) Negotiations for Collective Bargaining Agreements begin immediately for those which expire in 2011;
3) Reopen for Re-Negotiation in 2011 Collective Bargaining Agreements for contracts that are scheduled to expire in 2012 forward.

The BTEA and its member contractor associations request that this proposal be distributed to the BCTC Executive Board at its January meeting and to all of its affiliates as early as possible so we may begin discussing these issues.

This letter is not intended to open collective bargaining on behalf of any individual employer organization. All BTEA member Associations are in agreement with the provisions included in the attached **Framework For Cost Reduction**. The specific issues applicable to each trade are to be addressed in the course of collective bargaining between each trade association and their respective building trade union.

BACKROUND

BTEA Contractors **want** to remain union contractors.

BTEA Contractors **want** to build their projects with the skilled workforce of Building and Construction Trade Council union members.

However, without a significant permanent reduction in the cost of union construction, BTEA contractors will remain at a serious competitive disadvantage against our non-union competition.

It was once unheard of to refer to NYC as other than a "Union Town". We are now confronted with the reality that many buildings, all but the largest and most complex, in each of the 5 Boroughs, are being built by our non-union competition.

The long established loyalty of many of New York City's most prominent developers and corporate clients has been placed in doubt---if they have not already declared an outright willingness to build non-union - unless we significantly reduce the cost of union construction.

SHARED SACRIFICES

While asking the members of the BCTC to make sacrifices in order to keep the union construction industry competitive, BTEA member companies themselves have made a number of sacrifices in order to be competitive in the past three years and to remain economically solvent.

BTEA contractors have had to learn to do more with less simply to remain in business. Among the necessary actions taken by many BTEA member contractors to survive and compete in the new economic reality are the following:

- Laid off 10-15% of their project management and support personnel;
- Reduced profit margins with jobs being taken at cost in order to maintain key personnel;
- Reduced and frozen salaries of management personnel;
- Reduced or eliminated corporate pension contributions to 401 (k) plans;
- Increased health care premiums paid by employees.

In spite of these various actions outlined above, there is a growing number of BTEA contractors who have not been able to remain solvent and consequently are at risk of going out of business or declared "bankruptcy". The number of BTEA contractors going out of business or declaring "bankruptcy" will continue to grow if we are not able to gain permanent cost reductions through the collective bargaining process in 2011.

THE SUCCESS OF PROJECT LABOR AGREEMENTS

The BCTC and its affiliates have addressed the need to create jobs by reducing costs through the use of Project Labor Agreements. The Economic Recovery PLA projects have and will create over **54 million hours of work.**

Why? Because changes were made to collective bargaining agreements that reduced the cost of union construction. In addition, without PLA's on projects like Madison Square Garden, Sheraton Hotel, Delta Airlines, Queens West and the PLA's with New York City Agencies and the New York City School Construction Authority – many of these projects would not have been built at all or could have been built non-union.

Without these PLA projects and the work proceeding downtown at the WTC site, the unionized construction industry would be suffering depression like unemployment and business failures right now.

BTEA members fully appreciate and recognize the efforts of BCTC affiliates who adopted changes necessary to reduce costs which created jobs for their members with PLA's.

BTEA members fully appreciate and recognize that the efforts of BCTC affiliates who adopted changes necessary to reduce union construction costs and create jobs for their members with PLA's are more than has ever been done before in the history of the New York BCTC, and more than any other Building Trades Council in the nation.

Yet, it remains an obvious and indisputable fact of the marketplace that even more must be done to permanently reduce union construction costs. These changes must be made permanent if we are to:

1. Become competitive in the marketplace;
2. Provide employment for building trade union members, and business opportunities for BTEA contractors;
3. Maintain New York City's status as the nation's strongest "Union Construction Town".

LEADERSHIP

BTEA contractors applaud the BCTC Executive Board for their courage and leadership in joining with business organizations in support of Governor-Elect Cuomo to rein in state spending and make the reforms necessary to improve the fiscal environment and competiveness of New York State; reforms that will affect the wages and benefits of public sector unions.

BTEA contractors are now calling upon the members of the Building and Construction Trades Council to summon that same courage, resolve and leadership to work with BTEA contractors to reduce the cost of union construction and increase **our** competitiveness in order to keep New York City as the nation's strongest "Union Construction Town".

A FRAMEWORK FOR COST REDUCTION

There are several major factors that can contribute to the reduction of union construction costs and the creation of building trade union construction jobs:

1) All Jobs Must Be Productive Jobs
2) All Work Rules Must Be Consistent With Project Productivity
3) Wage/Benefit Packages Must Be Adjusted

Here are some examples of what BTEA members believe need to be permanently changed in order to reduce the cost of union construction:

1. *All Jobs Must Be Productive Jobs:* Some trades require contractors to hire individuals in high wage jobs that have limited scope and responsibility and whose presence on a job site is not essential to the safe and economic completion of the project. Non-union projects have no such requirements. These jobs not only drive costs higher, but they have become symbols touted by some developers to justify the selection of a non-union contractor rather than a BTEA union contractor.
   In addition, the work ethic of New York City construction workers varies from trade to trade. Several trades leave their work stations early for lunch and breaks and return late. Each BCTC affiliate should meet with its contractor association to address this issue in order to insure that a strong work ethic exists in every trade.

2. *All Work Rules Must Be Consistent With Project Productivity.* There are some work rules and practices that simply can no longer be justified. Each BTEA contractor association and their respective labor partner must come to an agreement on which practices need to be eliminated from their CBA's in order to become more competitive in the market. For instance, not all trades start their work day at the work station. Added all together, these hours of lost productivity amount to significantly higher construction costs.

   In addition, some trades have rules that prohibit the use of pre-fabricated material and other new construction methods including requirements that are allowable under the New York City Building Code - both practices that our non-union competition do not have to contend with.

3. *Wage/Benefit Packages Must Be Adjusted:* It is imperative that the hard reality of adjusting wage/benefit packages be adopted. There are many similarities between the unionized construction industry and the auto industry with one major difference—the federal government will not provide any bailout funds for construction. We will, however, be replaced by non-union contractors employing either a non-union or non building trades union workforce if we fail to reduce our costs.

   Do not misunderstand our position, **union contractors support their workers earning a fair wage and benefits.** We **do not** want to engage in a "race to the bottom" or have wages/benefits reduced to those of the non-union worker.

Real estate owners and BTEA contractors recognize the value of building trade union members. However, our current cost structure is simply out of sync with what today's, and the future's, economic market can bear.

SUMMARY

The unionized construction industry has reached its crossroads. We need to permanently reduce union construction costs in order to keep New York City the nation's strongest "Union Construction Town".

Our current cost structure has led to a loss of market share in the middle of an economic crisis which has created a 25% Building Trade Unions unemployment rate and a significant loss of the limited business opportunities that do exist for BTEA contractors to our non-union competition.

The industry's "solutions", outside of using PLA's, have been self-destructive:

- Unemployed union members working on non-union job sites;
- Non-union projects managed by out of work BTEA project management staff;
- Union contractors and subcontractors awarding work to non-union and non building trade union companies;
- Making adjustments to Collective Bargaining provisions on a job by job basis.

We are not only training our competition, we are destroying the industry we are so proud to be a part of. Doesn't it make sense to permanently reduce union construction costs and create a set of standard working conditions which will make BTEA contractors competitive and create building trade union jobs?

The only way we can continue to earn the loyalty of the real estate developers, corporate and institutional owners who have faithfully employed us and built union over the years is to be economically competitive. To achieve that goal we must permanently reduce the cost of union construction and we believe the proposals attached to this letter are the framework in which to achieve that goal.

The BTEA and its members look forward to working in partnership with the BCTC and its members in beginning that process at the Industry Summit Meeting January 2011. We would like to begin working in Partnership to develop the agenda for that meeting as soon as possible.

As the business and labor leaders of the union construction industry, it is our responsibility and obligation to do what is necessary to sustain New York City as the nation's strongest "Union Construction Town" - and that is to reduce the cost of union construction. Let's go to work and get it done.

Respectfully Submitted,

Louis J. Coletti
President & CEO

Cc: BTEA Board of Governors and Association Executives

The Framework For Cost Reduction

1. Elimination of non-productive jobs/practices; everybody works a full eight hour day;
2. Elimination of non-productive work rules;
3. No limitations on the contractor's choice of materials, techniques, methods, technologies or designs;
4. No limitations on the use and installation of equipment, machinery, packaged units, pre-cast, pre-fabricated, pre-finished or pre-assembled materials or devices;
5. No limitations on the use of tools or other labor-saving devices;
6. No limitation on materials, supplies or equipment, regardless of their source or origin;
7. Elimination of prohibitions of or restrictions on work which is performed off-site on materials or products modified or fabricated for installation on the project;
8. Elimination of rules, customs or practices that, in the exclusive judgment of the contractor/employer, limit or restrict the productivity or efficiency of employees; provided that safety priorities are maintained.
9. Elimination of temporary services unless requested by the Owner/Construction Manager; temporary facilities will remain under the control of the Construction Manager;
10. Coffee breaks may be consumed at the work station; and only during the times allocated for such breaks;

11. All workers shall be at their assigned work stations at starting time;

12. Employees shall not leave their work stations for the lunch break until ten minutes before the break starts;

13. All workers shall be back at their work stations at the end of the lunch break;

14. The standard work week is 40 hours a week and 8 hours a day at straight time rates;

15. All overtime shall be paid after 40 hours at the rate of 1 ½ ;

16. Flexible starting time as determined by the contractor/employer;

17. Staggered starting times within each Trade, as determined by each contractor;

18. Shift work shall be paid for with a 10% differential;

19. Seven standard holidays;

20. Contractor/employer established and published work rules and a code of conduct;

21. Saturday make-up day at straight time in the event work is canceled for inclement weather;

22. Only working Shop Stewards selected from Journeyman on the job;

23. No tolerance policy for non-performance or a poor work ethic;

24. Increased apprenticeship to journeymen ratios;

25. Mandatory drug and alcohol testing;

26. A 20% reduction in the wage/benefit package.