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Painters' deal could ease construction feud

A new contract between a union and an industry group could pave the way for other deals as builders try to cut labor costs.

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A union representing 4,000 painters in the New York area reached a four-year contract agreement late last week with an industry association that could set a precedent for some 30 other building trades contracts set to expire by the end of June.

The deal, between DC9 International Union of Painters and Allied Trades and the Association of Master Painters and Decorators of New York, was ratified Thursday by union members just before their previous contract expired Saturday.

While workers and employers both gave ground, representatives from each side said it was a deal they could live with. As recently as last Wednesday afternoon, painters were talking of a potential strike, but the contract, overwhelmingly ratified Thursday night, could set a pattern for the other construction contracts that still need to be worked out.

“Neither side wanted to kill the industry,” said Jack Kittle, political director of DC9. “We met in a place that works.”

The workers will get raises totaling 9% over the four years, union officials said, with no raises the first year, \$1 an hour in the second year, \$1.50 in the third year and \$2 in the final year. The agreement calls for minimal increases in benefit contributions by

employers, who will kick in an extra 75 cents an hour for benefits in the first year and nothing in the following years.

“Our members did not take a 20% cut, but at the same time, there were issues that needed to be addressed that allow our contractors to be productive,” said Mr. Kittle, referring to a call by the Building Trades Employers' Association for a 20% reduction in wages and benefits to help contractors deal with tough economic times. “Both sides would have wanted more, but it was a fair conclusion that worked for the industry as a whole.”

Louis Coletti, chief executive of the Building Trades Employers' Association, would not comment on the settlement because it had not yet been made public. His association has sparred with unionized workers in recent months over an aggressive campaign demanding significant cost-saving measures be included in new labor deals.

The painters agreed to several key changes in work rules that will enable employers to realize what they described as significant cost savings. Employers won a 20% reduction in benefit contributions: They will no longer have to contribute to health, pension and other funds on overtime hours. They also received a 7% cost reduction on certain interior projects through a new rule that allows for three consecutive shifts at regular pay rates, instead of one that typically required hefty overtime pay.

The union, the Building Trades Employers' Association and the Real Estate Board of New York will also work on a project labor agreement that could provide additional flexibility and savings of between 17% and 20%. If enacted, employers would make additional payments to the painters' health plan. The two sides agreed to more flexible rules governing shift start times as well.

The union also agreed to cut about \$4.4 million, or 10%, out of current health care costs by adding co-pays, increasing deductibles and cutting benefits. Painters also agreed to measures that will save contractors 20% on wages and benefits on commercial projects in the outer boroughs. To win back market share from nonunion contractors, they will allow a lower minimum wage on projects that have been operating nonunion.

Paul Salvatore, co-chair of the labor department at Proskauer, who helped negotiate the deal for the employers' association, called the agreement “pattern setting” for the other trades that need to negotiate contracts. Each trade has different needs, but he said achieving cost savings for employers without cutting wages could be a path for other potential deals.

“It shows you can find a way to achieve savings and achieve competitiveness, as well as reflect the recessionary economic environment we're in construction, and not gut the labor standards that workers and families depend on,” said Mr. Salvatore. “It's a balancing act.”