

# GREATER NEW YORK

\*\*

THE WALL STREET JOURNAL.

Tuesday, February 22, 2011 **A17**

## Contractors Try to Bypass Unions

By ANTHONY KLAN

New York City's major construction contractors are gearing up to go around union chiefs and directly reach out to members to get them to agree to reductions in wages and benefits.

With an upcoming round of major contract negotiations approaching, the umbrella construction employer group says it will target "rank and file" union members to make management's case. Contractors, who are represented by the Building Trades Employers' Association, say that major concessions are necessary to help crank up the city's con-

struction industry.

Union officials call the move "draconian" and an "unprecedented" scare tactic. "These are very bold steps the [association] is taking and it will definitely affect the tenor of our negotiations," says Gary La Barbera, the president of the Building & Construction Trades Council of Greater New York, an umbrella union group.

The move by the association threatens the relationship between the contractors and unions—who made a show of trying to work together during the downturn to keep construction costs down and employment

up. Construction employment, which hit a peak of an average of 131,383 in 2008, fell to an average of 115,500 in 2010, according to New York Building Congress, a trade organization which represents both labor and management.

There are 30 major construction contracts to be redrawn by June 30, far more than those negotiated in an average year. Contracts with unions representing painters, carpenters, operating engineers, steam fitters and concrete workers are among those expiring.

Negotiations between contractors and unions are notori-

ously tough in New York and posturing at this stage is typical. But officials on both sides say that the association's plan to go to members indicates the talks will be particularly acrimonious this year.

Louis Coletti, the BTEA's president, says the group would launch the campaign in three to five weeks. He declined to say how it plans to reach out to the membership because the association is discussing that issue with lawyers.

Mr. Coletti says under the National Labor Relations Act employers were prohibited from ne-

*Please turn to page A19*

# Contractors Try Union End Run

Continued from page A17

gotiating directly with union member employees and so the campaign would address "general themes" rather than specific individual agreements.

"Usually the collective bargaining issues are really shrouded in secrecy," Mr. Coletti says. "But we think the more transparent the information becomes the more opportunity there will be for rank and file to understand the real facts about the potential risks, to them individually and to the industry as a whole."

Labor costs in New York's

construction's industry have long been higher than in most other cities. In boom times, developers have been willing to absorb those higher costs.

But construction volume, especially by private developers, plunged during the economic downturn. Overall construction, which peaked at \$31.06 billion in 2007, fell to an estimated \$23.7 billion in 2010, according to the Building Congress.

Mr. Coletti warned that if contractors couldn't negotiate better union agreements, they may turn to non-union workers. His group says that the rate of

unionized workers in the city has been falling steadily in recent years and now represent between 60% and 65% of construction workers.

Union officials say they've made numerous concessions in the past and that the higher cost of labor here reflects the overall higher cost of living. They also say contractors could do more to cut costs without cutting the wages and benefits of workers. "They have tried to put everything on the backs of organized labor," Mr. La Barbera says.

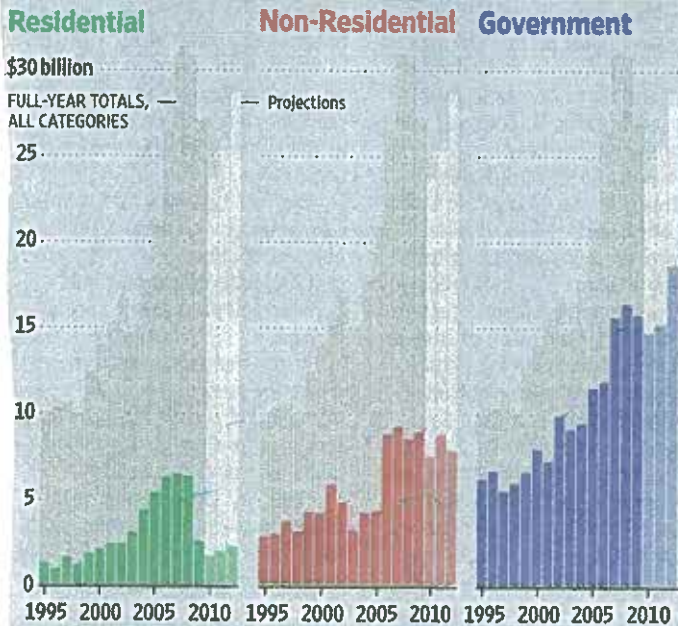
During the downturn, New York unions and contractors participated in an unusual cost reduction program in which so-called "project labor" agreements were reached to bring down costs on projects. While they helped work proceed at some sites, they were also criticized by some for being largely for show and mostly ineffectual.

But now, as contract deadlines approach, even the effort to pay lip service to cooperation seems to be fading. The contractor had provided unions with a 26-point list it calls a "Framework for Cost Reduction", which includes 25 proposed rule changes and a 20% reduction in wages and fringe benefits.

Mr. Coletti contends that smaller developers using non-unionized workers, are tackling bigger and bigger projects. The cost structure in the industry "has changed permanently," he says.

Formal negotiations between employers and unions are scheduled to begin in March.

## New York City Construction Spending



sources: FW Dodge, Public Capital Budgets/Plans, & Urbanomics