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REBNY WORKING ON PROJECT LABOR AGREEMENT

BY DANIEL GEIGER

The Real Estate Board of New York is in preliminary negotiations with the city's most powerful labor council to explore wage cuts and other concessions that would reduce the expense of interior-construction work for REBNY members.

The talks would impact a number of unions involved in the building trades that handle interior construction including plumbers, painters, electricians, and carpenters, and are aimed at boosting the competitiveness of union labor as the industry has continued to struggle in the wake of the recession and lose market share to cheaper non-union workers.

"It's about figuring out how to bring down costs," said Steven Spinola, president of REBNY, a real estate industry association whose membership includes the city's largest commercial landlords. "The private sector needs to bring down costs to keep our partners in organized labor working. If there are cost savings, more money can be invested in construction and more work can be created for the unions so we all benefit."

Spinola said that REBNY was negotiating with Gary Lebarbera, head of the Building and Construction Trades Council of Greater New York, a labor organization that represents some 200,000 union workers in the city. Spinola indicated that the talks were at a preliminary stage and it wasn't clear yet what types of cost savings New York's commercial real estate industry could receive.

"Everything is on the table," Spinola said.

A collective bargaining agreement reached this past week between New York's painters union and the contractors that employ its members could serve as a guidepost for a union deal with REBNY, construction experts say.

The Association of Master Painters of New York, a trade group that represents commercial painting contractors, and District Council No. 9, the painters union, reached an agreement last Wednesday on

a new four year labor contract that included work rule changes to significantly cut overtime expenses, a major cost savings the deal's architects say. The contract also expanded a project labor agreement that was arranged during the recession to cut union labor costs by 20% on residential projects in the boroughs outside Manhattan to include work on outer-borough commercial buildings as well. A union deal with REBNY, which would be structured as another project labor agreement with the Building and Construction Trades Council like the one drafted during the recession, would likely try to extend the 20 percent discount to interior-construction work done in Manhattan, a market where unions have previously been loath to cede discounts.

Leasing deals drive interior construction, necessitating that a space be outfitted with a new office installation for an incoming tenant or refurbished for those that stay put. Although leasing transactions and renewal deals have recovered in Manhattan in recent months and commercial office rents have been on the rise, labor leaders have worried that union construction workers could begin to lose market share to non-union contractors offering better discounts.

"It's simple, rents that were \$100 per s/f two years ago in commercial buildings in Manhattan are \$60 per s/f today, so we have to cut the costs for our work to stay in line with the economy," said Peter Cafiero, a painting contractor who was a lead negotiator in last Wednesday's deal with the painters labor union.

What remains to be seen is whether Gary Lebarbera can align the unions to agree on the discounts. Manhattan has been a market long viewed by labor as lucrative enough to justify their premium wages, especially for the higher quality work unions say their members deliver. Yet lingering unemployment has begun to grate against even the most staunch boosters of organized labor. According

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to Lou Coletti, president of the Building Trades Employers Association, a group that represents union contractors, some trades have 20% to 30% rates of unemployment.

Many of New York City's building trades unions are currently in negotiations with contractors to renew their labor contracts, but because the discount for REBNY members would be structured as a project labor agreement, known in short as a PLA, it is outside of those negotiations. The painters union voiced its support for such an arrangement in its contract, however, agreeing that a 50-cent bonus contribution per hour of work for medical and pension benefits in the last two years of its four year contract would be contingent on the completion of a REBNY PLA.

If the other building trade groups involved in interior construction, such as the carpenters, plumbers, and electricians, include similar tokens of support in their labor agreements, it could help convince the wider group of labor leaders that sit on the Building and Construction Trades Council to approve a deal with REBNY.

"I'm not privy to the discussions with REBNY, but I'm optimistic," said Bruce Ruinsky, executive director of the Association of Master Painters and Decorators of New York, a trade association that represents painting contractors. "I think it makes sense. We don't want our market share to start shrinking."