



## **NEWS**

For Immediate Release

FROM: Building and Construction Trades Council (BCTC) / Building Trades Employers' Association (BTEA)

**UNIONS AND MANAGEMENT AGREE  
TO MAJOR CONSTRUCTION COST REDUCTIONS  
AT TWELVE LARGE DEVELOPMENT SITES  
IN NEW YORK CITY  
HISTORIC ECONOMIC RECOVERY  
PROJECT LABOR AGREEMENT  
IS EXPECTED TO STIMULATE 10,000 JOBS  
AND OVER \$2 BILLION IN CONSTRUCTION ACTIVITY**

**NEW YORK, May 29, 2009** – Under a historic compact that will deliver significant cost reductions at major construction sites across the city, New York City's construction unions and their management counterparts have agreed to reduce building costs by an average of 16-21 percent at a dozen, previously delayed or stalled development projects. "The Economic Recovery Project Labor Agreement" (PLA) will stimulate over \$2 billion in construction activity, creating or saving 10,000 jobs.

In addition to the twelve projects where the PLA has been approved, the potential exists for thousands of more jobs to be created and billions more in construction spending to be sparked on more than two dozen additional projects for which applications to use the PLA have been submitted and are in the process of being reviewed for approval.

The unprecedented agreement between the Building and Construction Trades Council (BCTC) and the Building Trades Employers' Association (BTEA), which in effect represents the majority of the unionized construction industry in New York City, is the by-product of months of negotiations between labor and management.

Under the terms of the Economic Recovery Project Labor Agreement (PLA), the cost of private unionized construction is expected to decline by an average of 16-21 percent at each location. Reductions will come from work rule changes accepted by labor and from reduced profit margins and other concessions accepted by construction contractors. As a result of the agreement, construction is now expected to move forward at the twelve sites.

Labor and construction industry leaders said the agreement will mitigate the effects of the recession on the sector and reduce the cost of unionized construction in NYC, which dozens of other industries rely on for support.

The agreements approved this week cover an assortment of projects some of which include: Beekman Tower, 80 Dekalb Avenue, Tower 111, 150 Amsterdam Ave., 200 & 300 North End Ave., The Milford Plaza Hotel, Hunter College, and St. Mary's Children's Hospital, among several others (full list available upon request).

"This agreement will help our industry and the City get back on its feet and working men and women back on job sites," said Gary LaBarbera, president of the Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 workers in New York City. "This PLA ensures unionized construction work can continue to thrive in New York City. Developers and building owners already know that union labor and contractors build the best quality and safest projects, now it can be done at a cost that takes into consideration today's economic climate."

"This historic PLA will be a tremendous boost to the construction industry and the city's overall economic health. It demonstrates recognition by the industry that we understand the new economic realities of building in today's market," said Louis J. Coletti, president of the BTEA, which represents more than 1,700 union contractors and 28 contractor associations. "We believe this PLA is a great step forward in a continuing process by the industry to make necessary changes to remain competitive, and show the global banking and investment community that unionized construction is serious about getting projects off the ground. The impact of this unprecedented agreement goes far beyond

the projects moving forward today, it symbolizes the commitment of the BTEA contractors and our labor partners to a continuous effort to restructure the unionized construction industry," Mr. Coletti added.

"New York City's construction industry faces real challenges today, but labor and management in the industry are not content merely to wait for a national rebound," said Mayor Michael R. Bloomberg. "Instead, they are taking measures to do something about it now. Their agreement is an important step to get stalled projects going again, and to keep the City working and growing. I applaud the leadership of the Building Construction Trades Council and the Building Trades Employers' Association for working together to get it done."

On average projects will receive 16-21% cost reductions with differences varying on a project to project and trade by trade basis. In addition to these productivity improvements, several trade unions have agreed to one-year wage freezes and benefit reductions. These cost reductions are not factored into the 16-21% estimate.

The analysis of the labor and cost savings generated by the PLA was conducted through an independent study by Hill International, the Global leader in managing construction risk.

### **Breakdown of Current Cost Reductions**

**The BCTC has agreed to the following terms:**

- No strikes or work stoppages;
- Standard 8-hour workday and 40-hour work week;
- Overtime at time and one-half;
- 8 common holidays;
- Flexible starting times and lunch breaks;
- Maximum utilization of apprentices at training wages; and
- Strict adherence to safety rules and a standard of excellence for performance (which means any worker not being productive for 8 hours a day or living up to their responsibilities in the collective bargaining agreement may be disciplined or terminated).

**The BTEA and Unionized contractors have agreed to the following terms:**

- No lock-outs;
- Reduced and frozen wages for management personnel;
- Fringe benefits and bonus reductions;
- Reduced profit margins;
- Reduced material and supply costs (to be passed onto owners); and
- Improved project management and efficiency.

The agreement will be made available to private projects at risk from May 29, 2009 – June 30, 2010. Any project approved during this period can be built under these terms and conditions for the full schedule of the project, even if work continues after June 30, 2010. The BCTC and BTEA will determine if the PLA will be extended and made available to projects starting after June 30, 2010 based on economic performance in the coming year.

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