

Ironworkers Bend on Wages

Desperate for jobs, union gives back raises; rare move could trim project costs by 25%.

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May 27, 2012



The ironworkers' union -- desperate to regain market share from surging nonunion construction, and afraid of missing out on lucrative work at Hudson Yards and the Tappan Zee Bridge -- has agreed to an unprecedented wage and benefit rollback. It's already shaking up development in the city.

Members of Metallic Lathers and Reinforcing Ironworkers Local 46 voted earlier this month to cut their overall

ABOUT THOSE RAISES: *Union members gave up pay hikes to stay competitive.*

compensation by 15%, or by about \$14 an hour, and to work-rule changes that could slash total project costs by up to 25%.

The 1,500-member union relinquished a 4% raise this year and cut next year's scheduled 4% increase to 2%. Wages and benefits will now total \$79 an hour instead of the \$93 the union had previously won in negotiations.

In addition, the union members agreed to allow on job sites a higher percentage of apprentices, who earn less than half the standard pay, and to expand the workday to eight hours from seven.

The unusual decision to amend their existing contracts across the board comes as the ironworkers face the possibility that the Tappan Zee Bridge could be rebuilt without them -- with steel fabricated offsite to save the state money -- and as the heavyweight real estate developer Related Cos. aggressively seeks cost savings to jump-start its massive Hudson Yards project on the West Side.

Related officials want to build union, but are engaged in complex talks with labor leaders to bring down costs and have threatened to use a combination of union and nonunion workers if the discussions don't produce sufficient savings.

"It's whether we want to hang on to our business or not," said Terrence Moore, who took over as business manager of Local 46 in November. "Most of the guys who have been doing this 20 or 30 years have helped put their kids through school and done the things they want to do. Now it's the next generation's turn. If we don't do something, there's not going to be a next generation."

Shortly after Local 46 members approved the rollback, Related said it might build luxury-goods maker Coach's new Hudson Yards headquarters with reinforced concrete instead of steel, a rarity for a commercial building in the city. That would create jobs for Local 46 members who bend the steel rods that reinforce concrete. (Other ironworkers locals handle traditional steel construction.) Related declined to comment.

Residential buildings in the city are routinely built with reinforced concrete, as are commercial ones across the country and around the world. It's less expensive than steel, and technology improvements mean quality isn't sacrificed, though controls need to be greater. In New York, where construction methods are entrenched, steel has ruled in commercial buildings. The most significant exception is 505 Fifth Ave., which the Kipp-Stawski Group built using concrete.

Mr. Moore said that the union has lost about 80% of the market in Brooklyn and Queens and 30% to 40% in Manhattan to nonunion labor. The prospect of losing some of the \$15 billion Hudson Yards project and the Tappan Zee job, which would be about \$17 million worth of work for his members, prompted passage of the rollback with 86% of the vote. Some of his members expressed concern that the industry would be emboldened to ask for more and more cuts, but Mr. Moore's argument that the union had to adapt or die won out.

Contractors Sign On

"This is a show of smart leadership by Terry Moore in creating real reform to ensure that his members have jobs now and long into the future," said a real estate executive.

A handful of contractor associations have already signed on to the agreement. The union has yet to take it to the General Contractors Association of New York, which would have jurisdiction over the Tappan Zee project, because of a push in Albany to fabricate the reinforcing steel, or rebar, away from the job site. But Mr. Moore said he hopes the prospect of a rollback will be a catalyst that moves the project along, using his members.

"When labor and management really want to put their heads together and solve problems, they can," said Michael Locker, a construction industry expert who consults for Local 46. "You have to find ways to cooperate and not just confront. When you do that, you get fruitful results."

Richard Lambeck, chair of the construction management program at NYU Schack Institute of Real Estate, said Local 46's move could lead to more like it.

"It may give an incentive to other unions to take a look at this and say, 'Hey, if we want to maintain our membership and make sure our people are working, we should do something like this.' "

Correction: Ironworkers locals besides Metallic Lathers and Reinforcing Ironworkers Local 46 handle traditional steel construction. That fact was misstated in an earlier version of this article, originally published online May 27, 2012.

A version of this article appeared in the May. 28, 2012, print issue of *Crain's New York Business*.