

# POLITICO NEW YORK

BY CONOR SKELDING

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## *Work rule changes, no-strike clause 'critical' for One Vanderbilt, executive says*

Union concessions, particularly a no-strike clause and changes to work rules, were “critical” for the construction of One Vanderbilt, the super-tall tower under construction across the street from Grand Central Terminal, executives involved in the project said Wednesday.



Michael K. De Chiara  
Co-Founding Partner  
Zetlin & De Chiara LLP

“What SL Green focused on — and I think I can say this without giving away too much — what SL Green focused on was work rules and a very, very strong no-strike clause,” said Michael De Chiara, a founding partner of the law firm retained for the project by SL Green, the real estate company behind it.

“I think it’s fair to say SL Green probably has the strongest no-strike clause of any [project labor agreement] that’s been negotiated in the last 10 years,” he said. “And that’s critical, because ... a strike for one month could cost \$100 million.”

One Vanderbilt, which would contain 1.6 million square feet and rise 1,501 feet, was made possible by a five-block rezoning in Midtown East approved by Mayor Bill de Blasio and the City Council in 2015.

De Chiara spoke Wednesday morning at a breakfast panel on how the organized trades are adjusting as more construction projects go open-shop. His firm, Zetlin & De Chiara LLP, which represents owners and construction managers, hosted the discussion at the Union League Club in Midtown.

“When I look at One Vanderbilt, with the help of Michael and Jay and Gary, we were able to come up with work rule changes among some 40 different unions. That’s not easy,” Edward Piccinich, an executive vice president at SL Green, said of the PLA for the tower. (He was referring to two fellow panelists: Jay Badame, president of AECOM Tishman, the construction company, and Gary LaBarbera, president of the Building and Construction Trades Council.)

“Having construction loans in place and having deadlines, in this particular case I’m going to say that 100 percent union was the way to go,” Piccinich said.

De Chiara asked LaBarbera what he thought of PLA, project-specific agreements with unions reached before hiring.

“Do we believe in PLAs? Yeah,” he said. “We’ve made a lot of concessions there.”

But, he added, the savings don’t always make it past the subcontractors to the owner.

Piccinich said SL Green was vigilant on costs. “We do have a number, we do track it, we hold Tishman’s feet to the fire,” he said. “Because it was a big component of our agreement with Tishman.”

“I think everyone would come [to] plus or minus 20 percent, if you do the math, you go through it to see what kind of savings you do have when you have a PLA like the one that we have at One Vanderbilt,” he added. “There was no other way [than with a PLA] with that particular site.”

He did add that his company does still bid on open-shop projects. In fact, he said his firm has one of New York’s inflatable rats outside his building today.

“I spoke to Gary this morning — I have a rat in front of my building, with a job that’s taking place downtown. We agreed that, you know, subsequent to this session we would sit down and talk to Local 78. They may be unaware that they got \$9 million of work at One Vanderbilt, [but] they’re setting up shop in front of my building for \$400,000 worth of work.”

LaBarbera replied that SL Green had hired New York Insulation, “barred from doing public work, a very bad employer.”

“That’s why there’s a rat. So, I think we should table this for another conversation,” he said.

Abraham Hernandez, business manager for Local 78, said in an interview that the rat is “not just about the job.”

A representative for New York Insulation declined to comment.



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