

Analysis of Locally Negotiated Residential Addenda
in the Sheet Metal Industry

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Executive Summary

This 2014 Comparison of Local Residential Addenda report is an update of a 2011 report, both requested by the SMACNA Residential Contractors Council Steering Committee and designed to update previous addenda reports.

Key Points of the 2014 and 2011 Reports

- There were two (2) more residential addenda reviewed in 2014 than 2011 (55 in 2014 and 53 in 2011).
- Due to economic inflation, contract negotiations, and benefit increases, base wage rates and percentages moderately increased from 2011 to 2014.
- The change in percentages relating to workforce terms and conditions was affected by the adoption of new addendums and does not necessarily reflect changes from the 2011 contract addendums reviewed.
- Several areas expanded the scope of residential work by adding Down Spouts, Metal Roofing, Duct Cleaning, Drafting and Sketching to the specific definitions of covered work.
- One other interesting provision identified in 2014 was an addendum that required employees to attend a hazardous materials communications program, the OSHA ten hour course, and take both the first aid training course and CPR course taught by the American Red Cross or its equivalent.
- A second interesting provision noted in 2014 was that two addendums indicated that there will be no work stoppage or lockout on residential service work, while one addendum calls for no work stoppages due to jurisdictional disputes.
- Market incentive plans (piece work) was addressed in three addenda in 2014 and 2011. Employees are paid based on either a performance pay schedule or a pre-determined standardized incentive system.
- Light commercial work was addressed in 21 addenda in 2014 compared to 18 in 2011. For many areas, light commercial work was typically limited by square footage and/or tons of air conditioned space. However, light commercial work was also defined by the number of building floors (stories), and in some cases by

structure (i.e., hotels, motels, fast food restaurants, and strip malls of six stories or less).

Summary of the 2014 Report

Of the fifty-five (55) residential addenda examined, most contained similar language covering rates of pay, rules and working conditions of residential employees of the employer engaged in fabrication, erection, installation, repairing, replacing or servicing of all residential heating and air conditioning systems. Forty-five percent or 25 of the residential addenda examined included architectural work on residences, while fifty-five percent or 30 failed to make specific reference to residential architectural work.

A little more than one-third (21) or 38.2 percent of the addenda examined included provisions for light commercial work. For many areas, light commercial work is limited by square footage and or tons of air conditioned space.

A wide range of employee classifications was noted. Most common among the addenda was a Residential Journeyman classification. The lowest Residential Journeyman rate was 55 percent of the Building Trades Journeyman scale. The median Journeyman rate was 66.7 percent of the Building Trades Journeyman scale. The lowest base wage expressed as a dollar amount was \$14.94 per hour. The median dollar base wage among the addenda was \$20.29 per hour.

Roughly one-third of areas (32.7 percent) with a residential addendum have at least three classifications of workers performing work under the addendum. Most addenda provide for two or more of the following: Residential Trainees, Journeyman Trainees, Residential Journeyman Level III and Pre-apprentices and Apprentices.

Progression schedules for the second classification of worker ranged from 40 percent to 90 percent of the Residential Journeymen scale. Several areas also increased their percentage on graduated scales. Almost all areas provide health and welfare coverage for the second employee classification.

Twelve areas provide full fringes for the second worker classification, while six areas provide full fringes for a third classification of employee and two areas provide full fringes for a fourth classification of employee. Pay for the third category of worker ranged from \$9.60 to \$23.78. Many areas provide for reduced contributions for pension for the second classification under the residential addendum.

Most addenda provide for more liberal residential service hours and overtime provisions. Favorable ratios found among the residential addenda were three trainees to six residential journeymen. It should be noted that the initial ratio starts out at one trainee to two journeymen in this area but depending on the size of the project, the ratios change.

Two areas included a provision for on-call pay. The language states that on-call service employees are required to be on standby for a period of seven days and will be reimbursed \$75.00 for their obligation to be available.

Finally, two (2) residential addenda included language encouraging the use of piece work initiatives, and one interesting provision was a pay premium of \$.25 per hour for foremen to maintain First Aid/CPR certifications.

Innovative Residential Contract Language

Three (3) of the addenda contain some type of market incentive plan. One (1) Midwestern area plan incorporates those elements of the Florida and Toronto designs which are consistent with the Fair Labor Standards Act.

A Midwestern addendum allows Residential Technicians to perform fabrication work for residential jobs and one (1) Western addenda excludes new Residential Installers from performing shop fabrication work. One (1) of the addenda excluded the light commercial definition from applying to shop fabrication.

Additionally, a large number of contracts failed to specify a ratio for residential work.

Scope of Residential Work

Most residential addenda contained similar language covering rates of pay, rules and working conditions of residential employees of the employer engaged in fabrication, erection, installation, repairing, replacing or servicing of all residential heating and air conditioning systems. Of the 55 addenda examined, some definitions were more expansive in the following areas:

- Architectural work on residences
- Fabrication for residential projects
- Common areas surrounding apartment complexes and condominiums
- Height restrictions of single family, multi-family, tract and apartment dwellings
- Siding
- Leaders and Gutters
- Down Spouts
- Metal Roofing
- Duct Cleaning
- Drafting
- Sketching

Forty five percent or 25 of the residential addenda examined included architectural work **on residences** as covered by the addendum, while fifty five percent or 30 failed to make specific reference to residential architectural work.

Under two (2) addenda all fabrication for jobs and projects needs to be performed at the Building Trades rate for Journeymen and Apprentices, while in one (1) addenda fabrication projects need to receive prior approval from the Local Joint Adjustment Board. Duct work under one (1) addendum must be purchased or fabricated by an HVAC Technician in a separate Local shop. In one (1) Mid-Atlantic addenda, the light/commercial rate is 90 percent of the Buildings Trades rate. Height restrictions of single family, multi-family, tract and apartment dwellings were included in ten (10) addenda.

Many areas negotiated specific items to be excluded or included within the scope of the addendum. For example, in one area, the addendum specifically excludes installations of projects under Davis-Bacon or pre-determined state and city wage rates, while another Eastern area limited residential service to preventative maintenance (filter changes, belts, contract cleaning) on all units of 10 tons or less and repairs of all units 7½ tons or less.

A Midwestern area addendum included nursing homes, retirement homes, motels, hotels and dorms as part of its residential addenda, as long as they are conditioned by separate and individual units or systems. However, another area chose to exclude motels, hotels, and housing units that are referred to as “high rise,” buildings constructed of steel and concrete and buildings that have commercial stores.

In one Southern area, the addendum specifically includes in its scope, strip shopping centers, limited to 15 tons of air conditioned space or less. One Western area agreement only allows for service to be performed on equipment of 10 tons of air conditioning or less and on buildings of 10,000 square feet or less.

Also included in one (1) area addenda, the work on individual fan coils in individual air handlers and their connected duct work systems, in each unit where the fan coils are hooked to a central boiler and or central chiller. One (1) Southwestern addendum specifically excludes units dependent on a central chiller, boiler, compressor or conditioning unit that is more than four stories in height.

Piece Work

Three (3) of the addenda contain some type of market incentive plan. One (1) Midwestern area plan incorporates those elements of the Florida and Toronto designs which are consistent with the Fair Labor Standards Act. In that area contractors are encouraged to bid residential work based on an hourly rate agreement or an incentive agreement. Contractors may also bid such residential work on the basis of variations on either of these two themes, provided they first obtain Resolution 78 variance. This particular agreement also includes a performance pay schedule for add-on and

replacement work, along with a performance pay schedule for new residential construction.

In one Southern addendum, which also includes incentive-based piece work, employees are paid based upon either an hourly rate or a pre-determined standardized incentive system. This particular agreement covers the entire state. For example, to install equipment, refrigeration lines and up to five supply ducts, the incentive rate would be \$480.00 and each additional duct (per run) would be \$25.00. There are also standardized rates for removal of equipment, new duct work, installation of new equipment, replacement of split systems, upgrading of split systems, air conditioning replacement and condensing unit replacement.

Definition of Residential Work

Almost all addenda defined residential work as work on any single family dwelling or multiple family units where each individual family apartment is individually conditioned by a separate unit or system. Most addenda define “residential units” as single dwellings, duplexes, row houses, townhouses and all wood frame apartment houses.

Ten (10) of the addenda limited the scope of the residential addendum on family or multi-family structures by the number of stories. Four (4) addenda provide for the use of the addenda on three story structures or less, while six (6) addenda limited use of the residential provisions to projects of four units or less per structure individually conditioned. In most cases, structures over four stories need prior approval of the Local Union.

Additionally, one (1) addenda included in its definition nursing and retirement homes, motels, hotels and dormitories, all of which are individually conditioned by separate and individual units for systems. One (1) Western addendum defined residential as work on any single family dwelling not to exceed three thousand square feet, excluding the garage. (Not to include residential retrofit, or furnace replacement or the adding of Air Conditioning to an existing system.)

Light Commercial Terms and Conditions

Twenty one (21) of the addenda examined included provisions for light commercial work. For many areas, light commercial work is limited by square footage and/or tons of air conditioned space. Two (2) Western regions defined light commercial work as a structure three stories or less, while an Eastern area addenda considered light commercial construction to be four stories or less (motels, hotels, fast food restaurants, apartment buildings, gas stations, strip malls of six stores or less and day care facilities).

One (1) Eastern addendum defined light commercial construction as anything not exceeding six stories or 13,000 square feet, while one (1) Southern addendum defined light commercial as a single building not exceeding 5,000 square feet.

Residential Service Terms and Conditions

Over fifty percent of the addenda (60 percent) covered residential **service** and included separate hours of work and overtime provisions for residential service, while twenty-one (21) addenda (40 percent) included light commercial service as defined in the scope. One (1) addendum excluded light commercial work covered by Project Labor Agreements, Building Trades Agreements and “Union only agreements” within its definition of service work.

A Midwestern addendum allows Residential Technicians to perform fabrication work for residential jobs and one (1) Western addenda excludes new Residential Installers from performing shop fabrication work. One (1) of the addenda excluded the light commercial definition from applying to shop fabrication.

Approval Provisions

While most of the addenda provide no application or approval provisions for the use of the addenda, approval is required by either the Local Union or the LJOB for special projects in five (5) or 9.1 percent of the addenda examined. In most cases, the approval provisions address projects larger than outlined in the definition or jobs of a questionable nature. In two (2) Midwestern agreements, if the LJOB is unable to agree on specific

jobs or projects, either the Local Chapter or Business Manager can appeal the decision under Section 3 of Article X of the Standard Form of Union Agreement.

One area provides that employers must notify the Local Business Manager in advance as to the location and duration of any job prior to utilizing the addendum. A Northeastern addendum requires that the employer notify the Local Union prior to commencing work on all light commercial and residential projects. Another area requires employers securing work under the addendum to report jobs to the Local Union office. One (1) Midwest area mandates that employers must notify employees prior to performing work covered by the addenda.

Employee Classifications

Two thirds of areas (67.3 percent) with a residential addendum have at least two classifications of workers performing work under the addendum. Most addenda provide for one or more of the following classifications; a Residential Journeyman, HVAC Technician, Residential/Light Commercial Specialist, Residential Mechanic, A/C Specialist, Residential Journeyman Installer Level I, Commercial Mechanic, Class A Residential Journeyman or Residential Technician.

There was much variation in the second classification. Residential Apprentice, Market Area Technician Trainee, Foreman, Residential Journeyman Level II, Residential Journeyman Installer Level II, Mechanical Helper, Class B Residential Journeyman, Residential Helper, Residential Sheet Metal Worker, Utility Person, Residential Shop Fabricator, Service Apprentice, and Residential Technician Apprentice were among the titles given to the second classification of employees established in the addendum.

Almost one third of areas (32.7 percent) reported a third worker classification performing work under the addendum. Those classifications were termed Residential Trainee, Journeyman Trainee, Residential Journeyman Level III and Pre-apprentices and Apprentices.

Wages and Fringes

Residential Journeymen

The pay scale for Residential Journeymen, as a percentage of Building Trades Journeyman scale, ranged from 55 percent to 85 percent. The median Residential Journeyman wage as a percentage was 66.7 percent of the Building Trades Journeymen scale. While 38 percent of areas based pay for their top classification as a percentage of Journeyman scale, 62 percent set the base wage as a set dollar amount.

The base wage for Residential Journeymen in the fifty-five (55) addenda examined ranged from \$14.94 per hour to \$27.82. The median base wage was \$20.29. Nearly all areas provide for health and welfare, pension fund, training fund, SASMI, SMOHI, vacation fund and industry fund contributions on behalf of residential employees.

Other Classifications

Six areas include Building Trades Apprentices and Pre-apprentices under the residential addenda and pay wages and fringe benefits per the Building Trades agreement. Progression schedules for the second classification of worker ranged from 40 percent to 90 percent of the **Residential Journeymen** scale. Numerous areas also increased their percents on graduated scales.

Almost all areas provide at least health and welfare coverage for the second employee classification. One area provides that fringe benefits for the second category of worker will be determined by the parties, while another area provides no fringe benefits for the second employee category. Twelve areas provide full fringes for the second worker classification, while six areas provide full fringes for a third classification of employee and two areas provide full fringes for a fourth classification of employee.

Ratios

Of the residential addenda examined, a large number failed to specify a ratio for residential work. This may be due to the fact that most residential crews for field work

are two or fewer employees. The most liberal ratios found among the residential addenda were three Trainees to six Residential Journeymen.

Other ratios found among the addenda were one apprentice to one Residential Journeyman; one Residential Trainee to one Residential Journeyman; three Classified Workers to one Residential Journeyman; one Residential Technician Apprentice to three Residential Technicians; one Residential Mechanic to six Residential Journeymen and one Residential Journeyman to one Utility Person. A Western area used a ratio of four Residential Workers to one Journeyman, while one Midwestern area agreement contained a ratio of three Residential Apprentices to one Journeyman.

One Midwestern and one Western area used a ratio of one Residential Journeyman to two Apprentices. A ratio of one Residential Journeyman to one Apprentice was common. For areas in which a third worker classification is permitted, ratios tend to be one Apprentice or Pre-apprentice to one Residential Journeyman as is the case in areas that have a fourth worker classification in their agreements. One area provides a ratio of one Pre-Apprentice for three Journeymen.

Hiring Hall – Referral Procedures

While most of the addenda provided no separate hiring hall or referral procedures for employees working under residential addenda, seven areas did include language on residential employees. Four addenda provide that, should the local union be unable to furnish applicants for employment within 48 hours of receiving written notice from the employer, then the employer may hire workers elsewhere. One addendum calls for the Union to provide workers within five days of the initial request. In the event that the Union is unable to comply with the request, the employer may hire the employees, but is required to refer them to the Local Union hall.

In two areas the employer has the right to hire new employees from any source without regard to whether such applicants are members of the Union or not, but the employer shall not unreasonably reject any employee referred by the Local.

Hours of Work

Hours of work in the residential addenda commonly were listed as 40 hours, Monday through Friday, between 8:00 a.m. and 4:30 p.m. One area provided more flexible hours – 6:00 a.m. to 6:00 p.m. and 6:00 a.m. to 9:00 p.m. Other common hours were 7:00 a.m. to 5:00 p.m.; 7:00 a.m. to 7:00 p.m.; 6:00 a.m. to 2:30 p.m.; 7:00 a.m. to 4:30 p.m.; 7:00 a.m. to 3:30 p.m.; 7:30 a.m. to 5:00 p.m. and 8:00 a.m. to 5:00 p.m. Four agreements allowed four ten-hour days between Monday and Friday with mutual consent of the parties, while one area allows four ten-hour days between Monday and Friday without consent of the parties. One agreement allowed four ten-hour days between Monday and Saturday with mutual consent of the parties.

Seven (7) addenda provide for a Saturday makeup day, although in one case, mutual consent is required. Most of the addenda provided for flexibility in hours in the event of inclement weather, as long as both parties to the agreement mutually consent.

Service hours of work were commonly listed as a scheduled 40 hour week. Other service hours found among the addenda included 8:00 a.m. to 8:00 p.m., not to exceed eight hours in a day.

In one area, the workday starts between the hours of 7:00 a.m. and 10:00 a.m. and ends at 6:30 p.m. One Midwestern area allows for a flexible work schedule of 5:00 a.m. to 9:00 p.m., not exceeding eight hours in a day.

In the event that shift work becomes necessary, one (1) Western addenda requires a second shift premium of \$0.75 per hour and a third shift premium of \$1.00 per hour. Three (3) addenda provide that if a second and third shift is necessary, the work hours and premium pay shall be mutually agreed upon by the employer and Business Manager, but in no case shall it exceed 15 percent for the second shift or 25 percent for the third shift. Several other addenda provide for a 15 percent premium on the total hourly taxable wage for second and third shifts. Shift work shall not be considered as such unless established for a period of five days or more.

Overtime

Little variation was noted among overtime provisions in the residential addenda. Almost all addenda provided for payment of time and one half, Monday through Friday for hours worked in excess of eight hours per day. In six (6) addenda employees are compensated time and one half for work in excess of 40 hours in a work week. Double time for Sundays and holidays was common, while most addenda provide for time and a half for work performed on Saturdays. Overtime for service work in all of the addenda examined was provided at time and one half, while five (5) addenda included a provision that provided for two times the hourly wage rate for service work performed on Sundays.

Holidays

There was very little variation noted among holidays. In most cases there were seven official holidays requiring overtime pay. They are: New Year's Day; Memorial Day; Independence Day; Labor Day; Thanksgiving Day; day after Thanksgiving and Christmas Day. In almost all cases, if a holiday falls on a Saturday, the Friday before shall be observed as the holiday. Normally, worked performed on a holiday was paid at two times the regular rate of pay received by the employee.

Tools

While a few of the addenda established that the residential employees provide necessary hand tools, two clauses established that the employer will furnish certain types of equipment (i.e. ladders over 10', scaffolding, lift equipment, rental equipment, concrete removal equipment, drill bits, 4' step ladder, drill motor, 50' extension cord, safety light and screw chucks). Another area mandates that the employer furnish gloves, leathers, goggles, welder hoods and/or any other safety items needed to comply with OSHA standards. One (1) addendum included a provision that holds the employee responsible for replacement of tools furnished by the employer that have been damaged or lost through neglect.

Miscellaneous Provisions

Other provisions found among the addenda included a Western area providing a pay premium of \$.25 per hour for foremen who maintain CPR and first aid certifications. In one Northeastern area the Sheet Metal Workers' International two-man rule does not apply to residential and light commercial work. In one (1) Midwestern addenda employees are required to attend a hazardous materials communications program, the OSHA ten-hour course, and take both the first aid training course and CPR course taught by the American Red Cross or its equivalent.

One Southern area put a policy in place that states when a warranty is invoked, if the installation is damaged, the employer will cover the cost of the repair. However, if the system is incorrectly installed, the employee who installed it will be responsible for making the installation correct.

Two (2) Northeastern area addenda say that there will be no work stoppage or lockout on residential service work. One (1) addendum calls for no work stoppages because of jurisdictional disputes.

Two areas included a provision for on-call pay. The language states that on-call service employees are required to be on standby for a period of seven days and will be reimbursed \$75.00 for their obligation to be available. When the employee is called out on service calls under this addendum they are compensated at one and one-half times the total hourly rate.