

# Comparison of Local Residential Addenda

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## **Executive Summary**

This 2011 Comparison of Local Residential Addenda report is an update of a 2005 report, both requested by the SMACNA Residential Contractors Council Steering Committee and designed to update previous addenda reports.

### Key Points of the 2005 and 2011 Reports

- There were 18 more residential addenda reviewed in 2011 than 2005 (53 in 2011 and 35 in 2005).
- Due to economic inflation, contract negotiations, and benefit increases, base wage rates and percentages moderately increased from 2005 to 2011.
- Similarly, other reported percentage increases are due to the increased number of addenda reviewed.
- 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 2005 contract addendums reviewed.
- Several areas expanded the scope of residential work by adding Siding, Leaders and Gutters, and Metal Roofing to the specific definitions of covered work.
- One other interesting provision identified in 2011 was an addendum that called for no work stoppages due to jurisdictional disputes.
- Market incentive plans (piece work) was addressed in three addenda in 2005 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 18 addenda in 2011 compared to 14 in 2005. 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 2011 Report

The fifty-three (53) 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-three percent or (23) of the residential addenda examined included architectural work on residences, while fifty-seven percent or (30) failed to make specific reference to residential architectural work.

One-third (18) 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 70 percent of the Building Trades Journeyman scale. The lowest base wage expressed as a dollar amount was \$14.84 per hour. The median dollar base wage among the addenda was \$19.70 per hour. Full fringe benefits for residential journeymen are provided for in 32 percent of the addenda examined.

Roughly one-third of areas (33.9 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: a residential journeyman, HVAC Technician, Residential/Light Commercial Specialist, Residential Mechanic or A/C specialist.

Progression schedules for the second classification of worker ranged from 45 percent to 90 percent of the residential journeymen scale. Several areas also increased their percents on graduated scales. Almost all areas provide health and welfare coverage for the second employee classification.

Eleven areas provide full fringes for the second worker classification, while six areas provide full fringes for a third 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 3 trainees to 6 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.

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.

## **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 53 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
- Metal Roofing

Forty three percent or (23) of the residential addenda examined included architectural work **on residences** as covered by the addendum, while fifty seven percent or (30) failed to make specific reference to residential architectural work.

Under two addenda all fabrication for jobs and projects needs to be performed at Building Trades rates of pay by journeymen and apprentices, while in one addenda fabrication projects need to receive prior approval from the Local Joint Adjustment Board. Duct work under one addendum must be purchased or fabricated by a HVAC Technician in a separate Local shop. In one Mid Atlantic addendum, 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 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 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 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 of the addenda contain some type of market incentive plan. One Midwestern area plan incorporates 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. 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 of the addenda limited the scope of the residential addendum on family or multi-family structures by the number of stories. Four addenda provide for the use of addenda on three story structures or less, while six addenda limited use of the residential provisions to projects of four units or less per structure individually conditioned.

One 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.

### **Light Commercial Terms and Conditions**

Eighteen 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 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).

### **Residential Service Terms and Conditions**

Over two-thirds of the addenda (67 percent) covered residential **service** and included separate hours of work and overtime provisions for residential service, while eighteen addenda (33 percent) included light commercial service as defined in the scope. One addendum excluded light commercial work covered by Project Labor Agreements, Building Trades Agreements and “Union only agreements” within its definition of service work. One 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 (9.4 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 one Midwestern agreement 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. Another area requires employers securing work under the addendum to report jobs to the local union office. One Midwest area mandates that employers must notify employees prior to performing work covered by the addenda.

### **Employee Classifications**

Almost two thirds of areas (64 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 or A/C Specialist.

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

Roughly one third of areas (33.9 percent) reported a third worker classification performing work under the addendum. Those classifications were termed Residential Trainee, Journeyman Trainees, 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 as a percentage was 70 percent of the Building Trades journeymen scale. While 35 percent of areas based pay for their top classification as a percentage of journeyman scale, 65 percent set the base wage as a set dollar amount.

The base wage for residential journeymen in the 53 addenda examined ranged from \$14.84 per hour to \$27.82. The median base wage was \$19.70. 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 45 percent to 90 percent of the **residential journeymen** scale. Several 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.

Eleven areas provide full fringes for the second worker classification, while six areas provide full fringes for a third classification of employee. Of the addenda examined, base wage for the third category of worker ranged from \$9.60 to \$23.78.

### **Ratios**

Of the residential addenda examined a significant 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 and one residential journeyman to one utility person. A Western area used a ratio of four residential workers to one journeyman. One Midwestern and 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 residential journeyman. 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, six areas did include language on residential employees. Four other 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.

### **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. Three 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.

Seven 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.

Two 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,

while several other addenda provide for a 15 percent premium on the total hourly taxable wage for second and third shifts.

### **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. 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 four addenda included a provision that provided for two times the hourly wage rate for service work performed on Sundays.

### **Tools**

While a few of the addenda establish that the residential employees provide necessary hand tools, one clause 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 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 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. One addendum calls for no work stoppages because of jurisdictional disputes.

A 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.

One area addendum says that there will be no work stoppage or lockout on residential service work. 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.