



COMPARISON OF LOCAL RESIDENTIAL, LIGHT COMMERCIAL AND SERVICE ADDENDA

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Executive Summary

SMACNA chapters and their local union partners in the sheet metal industry have negotiated special terms and conditions to capture and retain residential, light commercial, service and tenant work in **fifty-nine (59) areas** in the U.S. **While these terms and conditions are written into local addenda and agreements, actual practices on residential, light commercial and service work may be different.**

Most define residential as single or multiple family units that are individually conditioned by a separate unit. Some also limit multi-family dwellings by the number of stories with three or four stories being common. Light commercial is often defined by square footage or tonnage of air-conditioned space. Service is commonly defined as repair, replacement, and maintenance of heating and air-conditioning systems.

Scope of Work Highlights

- Expansion of the scope of work included metal roofing, architectural work related to residential projects, duct cleaning, gutters and downspouts, and some fabrication for light commercial and residential projects. Two types of work included solar panels, and in one case, VRF systems where multi-family units share a central outdoor condensing unit or heat pump.
- Light commercial work is addressed in 29 addenda compared to 21 in 2014. Most areas defined light commercial by square footage and/or tons of air-conditioned space. However, a few also defined light commercial work by the number of floors, and one or two defined the work by the dollar value of HVAC on the project.
- Service work is defined in separate terms and conditions in 12 addenda or 20%. Most address residential/light commercial service, however, three cover commercial service.
- Eight addenda allow possible extension of the addenda to other projects with union or LJAB approval.

Classifications and Pay

- 62.7% of addenda have at least two classifications of specialty workers with pay for the top classification at 60-80% of building trades journey person rates.
- The most common top classification was a residential/light commercial journey worker or mechanic.
- The second classification was a residential/light commercial installer; specialist or trainee paid often on a graduated scale based on experience and training, between 65-85% of residential/light commercial journey worker rates.

- Eighteen or 31% of areas have a third classification. Pay for the third category of worker averaged between 35-67% of residential/light commercial journeyworker rates.
- Forty-four percent of addenda provided for reduced fringe benefit contributions compared to building trades journeyworker rates. Lower contribution rates could be found for local pension, annuities, and supplemental funds. Some classifications of workers in many areas have a probationary period of up to 90 days prior to eligibility for benefits.

Hours of Work and Overtime

Hours of work were often expanded with two areas providing an option for a 5 a.m. start time. Two areas have a “floating 40” provision. On call pay was common for service work. Overtime mostly mirrored building trades terms, but one addenda has reduced the number of holidays in which double time is paid, to four. All other holidays are paid at time and a half.

Ratios

Favorable ratios of one residential/light commercial/service worker to a secondary classification could be found in 40% of the addenda reviewed. Twenty-five addenda or 42% have an initial ratio of one residential/light commercial journeyworker to one technician to one trainee or classified worker.

Training

The most common training period for residential/light commercial apprentices or technicians was four (4) years, found in 20% or 12 addenda. Nine addenda provide for three (3) years of training, and four areas have a 2-year training term. One area has a 5-year training period for service work.

I. Residential Addenda and Agreements - Scope of Work

Of the 59 addenda or agreements that include specific terms and conditions for residential work, the largest number of addenda reviewed were from the Midwestern region. Regionally, 25 Midwestern addenda and agreements, 12 Northeastern addenda, nine (9) from the Southern region and 13 from the Western region were reviewed¹.

Almost all defined residential work as single or multiple family dwellings individually conditioned by a separate unit or system. Several further limited the scope by the number of floors of the building, the total HVAC cost or by tons of conditioned space. More specific residential scope of work provisions:

- Seventeen percent of addenda limit work performed under the addenda by the number of stories or floors. The most common limit was four stories or less (60%) followed by three stories or less (30%) and one permitting up to five floors or less. Another area permits up to eight stories.
- One area restricts residential work on projects in which the sheet metal portion of the work is valued at less than \$200,000.
- Four areas specifically require fabrication for residential and light commercial projects at the building trades rates.
- One addendum defined residential as applying to ten (10) tons of cooling or 400,000 BTUs or less.
- Single family dwellings of 4,000 sq ft or up to four (4) units per structure.
- Seven areas permit fabrication for residential/light commercial projects under the addendum; however, two areas require that the employer maintain a separate area in the shop for residential/light commercial fabrication.

¹ **The Northeast region** includes chapters in Maine, New Hampshire, Vermont, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Delaware, Maryland and West Virginia. **The Southern region** includes chapters from Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee, Alabama, Mississippi, Louisiana, Arkansas, Oklahoma, Texas and New Mexico. **The Midwest region** includes chapters in Ohio, Kentucky, Indiana, Illinois, Missouri, Kansas, Colorado, Nebraska, Iowa, Wisconsin, Michigan, Minnesota, North and South Dakota. **The Western region** includes chapters in Montana, Wyoming, Utah, Arizona, Idaho, Nevada, Washington, Oregon and California.

- Three metropolitan areas specifically permit duct cleaning under the addenda.

A. Unique Residential Scope of Work Provisions

- Another addendum includes fan coils in individual air handlers and their connected duct work systems where fan coils are hooked to a central boiler or chiller.
- Another area includes VRF systems where multi-family units share a central outdoor condensing unit or heat pump.
- One area requires that smoke or fire dampers be installed by journeymen workers.
- One area has a gutter truck addendum providing special provisions for gutter companies.

II. Light Commercial Addenda and Agreements - Scope of Work

Twenty-nine addenda provided terms and conditions for light commercial work. Seven in the Northeast, nine in the Midwest, eight in the west, and five in the south. Light commercial work was frequently defined by square feet of conditioned space, tonnage of air-conditioned space, and dollar value of sheet metal construction.

- Fifty-two percent of light commercial addenda define work covered by square feet of conditioned space. The range was varied by region.

Light commercial square footage of conditioned space

Limits by region

Northeast	4 stories, 10,000 sq ft, 20,000 sq ft
Midwest	2,800 sq ft, 6,000 sq ft, 6,500 sq ft
West	10,000 sq ft, 15,000 sq ft, 30,000 sq ft
South	20,000 sq ft, 50,000 sq ft, 100,000 sq ft. Work recovery addendum = 400,000 sq ft.

- Fifteen or 52% of light commercial addenda also define work covered by/under light commercial as based on tons of conditioned space. Tonnage ranged from 7.5 tons to 35 tons of air-conditioned space. Twenty-five (25) tons was a common term.
- Projects specifically included in light commercial scopes included gas stations, fast food restaurants, convenience stores, daycare facilities, storage centers, motels, and strip shopping centers.

A. Other Notes on Light Commercial Scope

- One addendum excludes ventilation for kitchen exhaust hoods.
- Another includes hotels and motels but excludes banquet halls.
- PLAs and Davis Bacon jobs are excluded in several areas.
- One addendum permitted use of the addendum for prime bidding only, two stories, maximum four (4) units, 12.5 tons or 400,000 BTUs with duct 20 gauge or lighter.
- Ten (10) tons of air-conditioned space and five (5) tons of gas fired furnaces up to eight (8) systems per building.
- Tenant work was included in four southern light commercial addenda as applying to installation of diffusers, grilles, ductwork and other appurtenances located in areas subject to a lease and not included in the contract.

B. Unique Provisions in Light Commercial

- Another area specifically excludes common areas such as meeting rooms, which must be performed as building trades work.
- Tilt-up construction to be considered on a case-by-case basis in one addendum.
- Tilt-up concrete block warehouse of any size included in another addendum.
- Three southern area addenda cover HVAC tenant work, defined as installation of diffusers, grilles, and ductwork in areas subject to a lease and not included in the base contract.

III. Service Addenda and Agreements - Scope of Work

Twelve area addenda or 20% included service work terms and conditions. Three addenda cover commercial service while nine provide terms and conditions for residential and light commercial service. Commercial service was defined as service, repair, replacement and maintenance of existing mechanical systems on all residential, commercial and industrial properties including all work related to evacuation, charging, start-up and inspection. Refrigeration was also included. Residential service is often defined as repairing, replacing, servicing and control systems of all residential heating and air conditioning systems. Other scope definitions included:

- work on any system after initial operation;
- repair, exchange or replacement of any components of a system;
 - test, dehydrate, charge, start-up, set controls and adjust after initial install;
 - installations in private residences.
- In another area, the addenda referenced the definition of service work to the county journeyman mechanical license definition.
- Maintenance and servicing of food service equipment;
- Commercial service includes refrigeration and recreational systems.

A. Unique Service Provisions

- Several areas require service technicians to be licensed.
- Ratios for refrigeration service workers on light commercial projects are one (1) light commercial journeyman to one (1) apprentice or service tech to one (1) preapprentice.

IV. Hours of Work, Overtime, On Call/Standby, Show-up Pay and Shift Premiums

Hours of work vary widely. Two areas provide an option for an early 5 a.m. start time. Four addenda provide for an end time of 7 p.m., while one permits an 8 p.m. end time and one extends the workday to 9 p.m. Seventeen addenda provide for four (4) 10-hour days by

mutual agreement. Two addenda do not require mutual agreement. A makeup day provision was found in five addenda. All makeup day provisions required mutual agreement for the makeup day. Adjustments to start and end times are common for inclement weather. Six addenda provide for an open floating 40 hours for service work.

A. Overtime

Overtime most frequently mirrored building trades contract rates with most areas paying overtime at time and one-half over the regular work hours and double time for Sundays and holidays. A few variations were noted with limits on the regular work week being time and a half up to 12 hours per day. Hours over 12 are paid at double time. Another addendum included double time for hours over 60 in the week.

- One service and replacement addendum provides that all holidays except for four will be paid at time and a half. Four holidays are paid at double time -- Christmas, Easter Sunday, Labor Day and Thanksgiving. In addition, an employee may work on Martin Luther King Day, Veteran's Day and the Day after Thanksgiving at straight time, if agreed by the employee, the employer and the union.
- For service and replacement work, two addenda provide overtime of time and a half for all hours worked over 40, including for work on Sundays and holidays.
- Two addenda provide that new employees are not eligible for holiday pay until after 320 hours have been worked.
- Another area provided that an employer may petition the union for a reduction of double time, to time and a half on holidays, if the employer is not likely to be competitive.

B. On Call/Standby Provisions

Fifteen or 25% of the addenda reviewed contain on call and standby pay provisions.

- On call and standby pay per day ranged from \$10, \$12, \$20, and \$50 per day Monday to Saturday. Sunday and holiday on call pay ranged from \$15, \$30, \$40, \$50, and \$60 per day.
- On call and standby pay per week ranged from \$100, \$125, and \$150 per week.
- On call and standby pay was also expressed as an hourly rate per day. The range of terms included one (1) hour of base pay with two (2) hours on Saturday and Sunday, one (1) hour plus 1.5 hours for Sundays and holidays. Dispatch emergency on call pay in one area was .5 of the base wage for Monday through Friday, Saturday .75 times and Sunday 1x per day.

C. Show-up Pay

Show-up pay could be found in six addenda with a range of one (1) to four (4) hours. The most common pay for show-up time was two (2) hours. These provisions provided for pay in cases where an employee was called to work, but work was not available.

D. Shift Premiums

Shift pay was most commonly 15% and 25%. Other shift pay premiums were 5% and 10%, \$1.00 per hour and \$1.25 per hour for the third shift; one area established the shift premiums to the overtime rates of one (1) and a half times and double time. Another area provides shift premiums of \$4.50 per hour. Another area provides that shift premiums will be mutually agreed upon, and shifts must be five (5) days or more.

V. Classifications of Workers and Pay

Forty chapter agreements (69%) provide for at least two classifications of workers for residential, light commercial and service work.

- Seventy-six percent of addenda have a residential/light commercial journeyworker or mechanic as the top classification of worker.

- The pay range for the top classification is between 60-80% of building trades journeyworker rates. Seventy percent was common.
- Light commercial mechanic and service technician classifications were found in 12% of addenda.
 - The pay range for service technicians and light commercial mechanics was 75-85% of building trades journeyworker rates.
- Sixty-eight percent of addenda included a secondary worker classification, usually designated as HVAC technicians, residential installers, residential trainees, service technician trainees, residential or service apprentices and residential helpers.
 - The pay range for secondary classifications ranged from 40-95% of the primary classification rate based on years of training or experience.
- Eighteen addenda or 31% include a third worker classification, usually designated as a preapprentice, classified worker, utility worker, material handler or helper.
 - The pay range for the third worker classification ranged from 35-67%.
- Three addenda provide for a fourth classification of worker. In one area, the job title is residential novice, paid between \$10.81 and \$11.87 per hour. Another area provides for an HVAC service assistant paid at 50% of the building trades journeyworker rate.

VI. Fringes

Twenty-six addenda or 44% provide a reduced fringe benefit package for residential, light commercial or service workers. Of the areas with reduced fringe packages, lower contributions for local pension, annuity funds, and health and welfare were noted. Several

areas did not include SASMI contributions for residential/light commercial worker categories.

- Fifteen percent of addenda provide for a trainee probationary period in which no fringes are paid. The most common probationary period was 60 days, however, there were three addenda with 90-day periods, a 30-day period and an 8-day period.
- Other limitations on fringes included a reduced HRA or no HRA, an alternative health plan or single-only coverage, and lower local fund contributions.

VII. Ratios

Most addenda provide for a 1:1 ratio of one (1) residential/light commercial journeyworker to one (1) secondary classification. Secondary classifications included utility workers, classified workers, preapprentices, and trainees. Three addenda provide for a ratio of one (1) residential light commercial journeyworker to one (1) residential/light commercial apprentice to one (1) trainee or classified worker.

- Five addenda provide a more generous ratio of two (2) secondary classifications to one (1) journeyworker.
- Tenant work ratios in the southern region tended to provide secondary classifications per journeyworker since these addenda use existing building trades worker categories. For example, a Texas addendum provides for one (1) building trades worker, one (1) classified worker and two (2) preapprentices on HVAC light commercial and tenant work.

VIII. Miscellaneous Provisions

- Seven addenda (nearly 12%) include Article X, Section 8 interest arbitration or a no strike no lockout provision, should negotiations for successor agreement reach impasse.

- Most addenda provide that employees provide basic hand tools, while power tools are provided by the employer. Several addenda provide that employees are responsible for tools that are damaged or lost through neglect. One area provides a dollar limit of \$1,650 for employer tool replacement, if proven stolen.
- One addendum provides that a piece-work agreement may be negotiated by mutual consent of the union and employer for production efficiency.
- Hiring hall language was common, requiring employers to hire through the hall first, and, if workers are unavailable after 48 hours, employers may hire from whatever source and refer to the hall.