

# WALL STREET JOURNAL

## Builder Riles Up Unions Amid Push Into NYC Market

*Gilbane Building's use of a mix of union and nonunion labor for large projects stirs controversy*



A union protest outside Gilbane's downtown offices in May.

*PHOTO: PETER GRANT/THE WALL STREET JOURNAL*

By **PETER GRANT**

June 5, 2016 9:30 p.m. ET

A Providence, R.I.-based builder run by the same family for five generations has been making a big push into the New York City market, increasing its share of business from developers of residential, commercial and institutional constructions projects.

But Gilbane Building Co. hasn't made many friends among the city's labor unions. Rather, the company has become a lightning rod for construction workers battling to maintain New York's status as one of the last union bastions in the country.

Unions have sponsored about a half-dozen anti-Gilbane rallies in recent months, including one in May that began at a Gilbane construction site at 1 Wall Street and ended at the company's downtown offices where more than 250 protesters were joined by two large inflatable rats. Other rallies have included as many as five of the rats.

"They pride themselves at having an over-100-year history with the highest ethical standards," said Gary LaBarbera, president of the Building and Construction Trades Council, who has spoken at many of the rallies. "Then they go out and do the exact opposite."

William Gilbane III, a fifth-generation descendant of the company's founder and head of the New York office, said the company adheres to the highest safety standards in the industry. He pointed out that the company has never had a fatality in New York at one of its sites.



William Gilbane III, head of Gilbane Building's New York office.

*PHOTO: PETER GRANT/THE WALL STREET JOURNAL*

Union leaders say Gilbane is being singled out partly because the company has been pushing the bounds of the size of projects being built with a mix of union and nonunion labor. The protests are also a sign of the intense behind-the-scenes maneuvering going on in the clash between labor and management in the city's construction business.

On the surface, construction unions are attacking Gilbane for hiring nonunion contractors that they say aren't fair to workers, pay lower wages and don't adhere to top quality safety standards. Mr. LaBarbera said the company's nonunion subcontractors pay as little as \$15 per hour.

"It's putting profits before people," says Mr. LaBarbera.

Mr. Gilbane said the company uses a mix of union and nonunion contractors on its jobs based on numerous criteria including cost. He also denied that any of the company's subcontractors pay as low as \$15 per hour.

Mr. Gilbane said the main financial difference between union and nonunion contractors is that nonunion shops don't have many of the onerous work rules that drive up costs, like requiring expensive laborers to push buttons on automatic elevators.



Gilbane Building family members John Anderson III, Alexander Cole and Brennan Gilbane Koch.  
*PHOTO: JOHN TAGGART FOR THE WALL STREET JOURNAL*

“We’re not doing union busting,” he said. “We are very focused on putting the most qualified, responsible companies and people on our projects.”

Tension between labor and management has been part of New York’s construction business for decades. But it has been intensifying lately partly because nonunion contractors have been making major inroads in what used to be an all-union town. As recently as the 1980s, all residential projects in the city used union labor exclusively. Today it is about half that much.

Unions still dominate commercial and institutional construction. But that too is showing signs of slipping.

“The nonunion contractors became steadily more skilled and able to take on bigger pieces of work, and the unions didn’t see it in time,” said Denise Richardson, executive director of the General Contractors Association of New York, an industry group that represents infrastructure contractors that exclusively use union workers.

Gilbane stepped into the picture as this sea change was taking place. Founded in 1873 by an Irish immigrant, the company has built several billion square feet of space over the decades and today has more than 50 offices world-wide.

The company, which is 100% family owned, did its first building project in New York in 1940, but its work here has been limited until recently. The company began flexing its muscles in the city after the 2008 financial crisis as part of a strategy to focus more on urban areas throughout the country.

Mr. Gilbane said that the company currently is working on about \$1.1 billion worth of New York projects, up from \$250 million four years ago. The firm has grown from 80 employees in the city in 2008

to about 350, including three other family members, Alexander Cole, John Anderson III and Brennan Gilbane Koch.

Gilbane's newcomer status helps explain why it is a leader in pushing the use of a mixture of nonunion and union contractors. Homegrown construction companies have been more steeped in the city's union-dominant culture.

Union leaders say they began perceiving Gilbane as a threat recently as it took on big jobs that traditionally would have been exclusively union, like 1 Wall Street. That 1-million-square-foot office building is being converted by developer Harry Macklowe into residential and retail space. Gilbane is using both union and nonunion contractors on that job.

"We're not talking about 20-story residential buildings," said Mr. LaBarbera. "We're talking about very complicated projects that historically have been all union jobs."

Have something to say about an article in Greater New York? Email us, along with your contact information, at [atgnyltrs@wsj.com](mailto:atgnyltrs@wsj.com). Letters will be edited for brevity and clarity. Please include your city and state.

Gilbane also is in unions' crosshairs because other big construction companies have started to balk at renewing collective-bargaining agreements. The big firms "feel as though economically they've been forced into this position," Ms. Richardson said. "They're going to do exactly what Gilbane has done: open their subcontractor packages up to union as well as nonunion firms."

Mr. Gilbane said the company doesn't like being subject to such attacks, but it has no plans to change its method for choosing contractors. He expressed hope that his company and unions will be able to find common ground.

"There will be a meeting in the middle here that will be healthy for everybody," he said.

—*Laura Kusisto contributed to this article.*