

October 8, 2010

RE: Update on Negotiations

Dear Brothers and Sisters,

Now that a strike is becoming more and more likely, I wanted to share with you how we got to this point and what it will take to avoid a strike.

The employers opened up negotiations four months ago with proposals to cut wages by more than \$5.50 an hour and freezing wages at that level for three years. There has been much jockeying back and forth and posturing by the MCA but the employers were steadfast on two points. They wanted a three or four year contract. They also refused to budge from a package of \$1.50 over two years. Initially, they offered \$.55 for year one followed by a \$.95 cent increase, Later, they flipped those numbers to offer \$.95 for year one and \$.55 for year two. The MCA has never made a specific offer for the third year of the contract.

The employers have justified their position by pointing to the distressed economy and their fear for the future. The Local ha countered by saying that the Washington Metropolitan Area has fared better than any other construction market. We also pointed out that the Steamfitters have weathered the economic down turn better than any other craft in the area. The hours for Local 602 have been essentially flat and unemployment has been relatively low. By comparison, other crafts have experienced unemployment levels as high as thirty per cent. Local 602's success and the success of our contractors is no accident. Local 602 has become the premier service local in the country, and Local 602 contractors have successfully maintained their hold in the construction sector. The industry has benefited by a superb training program which is

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expanding into Virginia. Local 602 has also aggressively engaged in organizing, signing new contractors, marketing the industry and recruiting new members. As a consequence, Local 602 has been one of the fastest growing locals in the country. To be fair, this success has not been ours alone. We have benefitted by contractors willing to rise to the challenge and grow the market. Our membership and signatory contractors have prospered together.

The contractors are mired in negativity. They also appeared to be anchored in the past in their determination to tie us in with the Plumbers. They have been fixated in keeping Local 602 to the same 2 year package that they secured from the Plumbers. We are reluctant to criticize the Plumbers in any way. They are our UA brothers and we wish them well. However, it would be wrong to overlook the fact that the Plumbers package or \$1.50 over 2 years was not the result of robust bargaining. Rather, from all reports, the Plumbers got exactly what they asked for. The Steamfitters are situated differently and we deserve to be treated differently. It is no secret that the Plumbers had unemployment spike to as high as 30% over the past year. It is also common knowledge, as admitted by the MCA negotiators, that for various reasons the profit margins on plumbing jobs are razor slim. But we are not Plumbers. Far from it. The fixation by the MCA to join us at the hip with the Plumbers is folly and represents a fundamental obstacle to a new agreement.

The Pipefitters in other cities with straight line Locals (separate fitter and plumbing locals in a locality) have been awarded higher wages. This is not the result of jealousy or one upmanship. Rather, this reflects the inescapable reality that fitters generate more income and their contractors have a greater market share than their Plumber counterparts.

Local 602 has shown forbearance in the face of the employer's intransigence. We allowed the contract to expire without a general strike and patiently continued good faith negotiations. We filed election petitions with the NLRB to demonstrate our continued support and won each election overwhelmingly. We instituted one day spot strikes to try to get the MCA to realize the seriousness of the situation.

We went further. Face with continual carping from the employers that prior contracts had been turned down by the membership, the Local took the unprecedented step to pre-ratify a 3 year agreement providing for \$1.25 in year one, \$1.50 in year 2, and a mechanism whereby the third year increase would be calculated by reference to the increase negotiated by the four Crafts with the highest total economic package in the area. We have presented this pre-ratified proposal to the MCA to demonstrate that we have a proposal that has been thoroughly debated and then approved by the membership. This pre-ratified proposal was also sent out to all contractors on an individual basis as an interim agreement, inviting all that would sign to do so in order to

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insulate themselves from any strike that might ensue.

Lest the Local's continued efforts to secure a contract be confused with weakness, the Local has taken parallel steps to demonstrate its fortitude and willingness to engage in a General strike if the employers respond to bargaining efforts. These steps have included:

1. Obtaining authorization for the membership to engage in a strike.
2. The cancellation of the Cause Agreement which contained a no strike clause.
3. The transfer of \$500,000.00 from the general fund to a strike fund.
4. The passage of an assessment to commence October 13, 2010 of \$2.00 for every straight time hour worked and \$4.00 an hour for every overtime hour worked so that those who continue to work for employers who are not struck because they are subject to a PLA, or a UA National Agreement, an Interim Agreement or that are not struck because of a strategic judgment of the Local will contribute to the effort. This will allow the Local to replenish the strike fund and share the burden of a strike.

Where do we go from here and how can a strike be avoided? The answer lies with the MCA. They can accept our pre-ratified offer which is the quickest, surest and best avenue to secure labor peace. Or, in the alternative they can make a serious counter-offer that breaks the unwise pattern bargaining approach adopted by the MCA and offers an agreement that is fair to both sides and capable of ratification. We have reached a critical juncture, a defining moment. We have agreed to meet with the MCA on Tuesday, October 12, 2010 and will be prepared to negotiate as long as it takes, all day and into the night, to reach an acceptable agreement. If such an agreement is reached, a strike will not be called pending further ratification if necessary.

One more thing. Expect dirty tricks, intimidation, threats and every ploy imaginable by the contractors to try to break your resolve. They cannot help themselves. We are fighting the good fight I know that the membership will stand united, will not flinch and will prevail.

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Fraternally,

Joseph C. Savia, Sr.
Business Manager
Financial Secretary/Treasurer

Daniel W. Loveless
Assistant Business Manager

William Durkin
Organizer/
Business Representative

Kevin Sullivan
Business Agent