

BULLETIN



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Message from BCA President Steve Alessio



Steve Alessio

I would like to welcome you to the first issue of the newly re-launched *BCA Bulletin*. This quarterly newsletter is part of a renewed commitment by the Building Contractors Association to provide its members with the information and tools they need to successfully compete in the competitive world of New York City construction and development.

Since the beginning of the year, our Labor Negotiating Committee has been very busy at the negotiating table. Thanks to their tireless efforts, the BCA has successfully negotiated new contracts with the Operating Engineers, Mason Tenders and Carpenters. With negotiations now successfully concluded, we can focus our attention on the future. One issue that we continue to have discussions with the unions about is the need to eliminate the standby trades, which have cost our members and clients a great deal of money. We continue to have discussions with the Building & Construction Trades Council of Greater New York on this important issue. The good news is that the individual unions of the BCTC are as aware as we are of the threat that the non-union sector presents and there appears to be a willingness on their part to help.

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Welcome!



Paul O'Brien

Welcome to the first issue of the newly re-launched *BCA Bulletin*. This quarterly publication is just one part of an on going communications and public relations program that the BCA has recently started. You'll notice our new logo and graphics, which we think reflects both the long history of the BCA, as well as its modern-day significance.

We are committed to providing our membership, and our partners in this industry, with current information, on a wide range of topics, needed to succeed and grow in our competitive market. However in order for this newsletter to be the most useful and valuable tool it can possibly be, we'll need your input. We would welcome, and encourage, your suggestions on subjects you would like addressed. Additionally we are asking that you keep us posted on current and future projects that you are involved in. A high quality photograph of picture is always welcome.

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ALESSIO

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They realize that if we lose market-share to the non-union sector, they too will suffer, with the loss of work for their members. I am confident that together we can resolve this issue, so that everyone wins.

The BCA is working with the BETA and the BCTC to establish project labor agreements that we can take to our clients. These project labor agreements spell out the concessions the unions have made in order to help us regain our market from the non-union contractors and developers. This has been a long process, but we are finally there! The PLA's will be available shortly after all

of the unions have signed on. The PLA's will cover work performed on mega projects, residential projects and mixed use projects. We are working on an interior PLA agreement, that should be available in the late fall.

We have all seen and read the stories about New York City experiencing a record construction boom. We know all too well the cycles that our industry experiences, but if things continue as they have, we should enjoy several years of economic growth and stability in our business. Members of the BCA have been awarded some of the most prestigious projects in the city in recent months including: The Bank of America Tower; The CIT Tower; The Morgan Library; new residential towers on Roosevelt Island and Queens Plaza and the rebuilding of lower Manhattan, including the Freedom Tower. We continue to be the engine that drives the economy of this great city.

In January when I assumed the position of president of the BCA, I did so with enthusiasm and commitment. I am proud of our Association, and its 167 members. I greatly appreciate the support and help that I have received from the Board of Directors, staff and committee members of the BCA. The Building Contractors Association is committed to serving its membership. If there is anything we can do to help you, please feel free to contact us. We are here for you. ■

Building Contractors Association

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Cunningham & Cunningham, LLP

SAVE THE DATE

BCA Holiday Party
Thursday, December 7, 2006
Details to Follow

O'BRIEN

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Another component of our communications program is a series of ads that the BCA will be running in Real Estate Weekly. Each week, in the Construction & Design section, the BCA will place an ad highlighting a specific contractor and either a project, event or significant occurrence that the contractor would like profiled. Again, we need your support and cooperation in order for this campaign to be successful. We urge you to submit the material on whatever project or event you would like us to promote. Photographs can be submitted via email and should be high resolution (at least 300 dpi).

Over the next several months we continue to expand and further develop our communications program. But one thing will remain the same. We will need the support and cooperation of all our members if we are to be successful. If you have any questions, please feel free to contact our offices. If you want to submit material for either the newsletter or the ad campaign you can do so by emailing to joharebca@aol.com.

IN OTHER NEWS

The BCA has recently concluded successful contract negotiations with several unions. Inside this newsletter you will find highlights of the provisions of the new contracts. One other note about labor. As you know the labor movement has recently undergone some changes. Several unions have disaffiliated with the AFL-CIO and formed a new labor federation. The relationships we have with the construction unions here in New York remains unchanged. We will continue to work with them to insure that the interests of all our members are served. To that end we will

also continue to monitor the changes that are occurring within the labor movement.



Paul O'Brien
Managing Director



The Best in New York Builds with Us

The Building Contractors Association of New York.

Since 1933, representing the region's leading builders and contractors. Today, one hundred and sixty seven members strong. For information, visit www.ny-bca.com or call us at 212-683-8080.

BCA NY BUILDING CONTRACTORS ASSOCIATION
451 Park Avenue South NY, NY 10016

SWEET CONSTRUCTION
Ongoing Renovation
Bergdorf Goodman
New York City

Example of new communications with the new BCA logo incorporated.

New York Governor's Race Heats Up for Fall

The end of summer means not only back to school and a return to normal work routines, but also the beginning of the political season. This autumn promises to be especially enjoyable given the New York Governor's race. And I mean enjoyable like a long commute home on the LIRR with no air conditioning. You can't wait until it is over.

What will a new Governor mean for New York's construction industry? What promises are being made by the candidates? The following is a brief synopsis of positions publicly taken by the candidates to date:

Eliot Spitzer:

Construction of 2nd Avenue subway line, LIRR East Side Access project, replacement of Tappan Zee Bridge, extension of 7 subway line to west side, and, eventually, a JFK rail link with lower Manhattan. Mr. Spitzer has called for more construction of affordable housing to address NYC's population growth. Mr. Spitzer is campaigning on a theme of economic reform and has called the Freedom Tower project an economic "white elephant."

John Faso:

Changing prevailing wage laws, including exempting projects priced below one million dollars. Changes to Labor Law scaffolding law specifically abolishing strict liability and allowing employers to assert contributory negligence as a defense. Mr. Faso stated, "If we don't change these things that are driving our costs, we're just going to drive more people away." Mr. Faso also calls for the construction of additional power plants in NYC and on LI.

One issue that has drawn the BCA's attention over the years is the Wicks Law that requires public owners to enter into at least four separate prime contracts: electric, plumbing, HVAC and general contracting. Enacted in 1912, the law has been able to hang on despite repeated criticisms, including those from the BCA, that the law increases project costs and thus wastes taxpayer dollars.

Recently, the Wicks Law became an issue on the campaign trail. After accepting the endorsement of the NYS AFL-CIO and with union leaders by his side, Mr. Spitzer was asked by reporters for his opinion on union backed policies that have been criticized as harmful to the State's economy, specifically the Wicks Law. Understandably not wishing to offend the union leaders who had just endorsed him, Mr. Spitzer is quoted as saying, "There are decisions that you make about policy shifts that do not and should not be announced immediately because it will have an impact upon the ability to effectuate policy shifts that you need."

John Faso, who has called for the repeal of Wicks, criticized Mr. Spitzer for a lack of candor with the voters stating, "He can't even tell voters where he stands on something as easy as the Wicks law." Mr. Spitzer was later quoted as saying, "I've said without hesitation there will be changes in the Wicks Law."

Does this mean Spitzer walks lock-step with unions regarding Wicks? No it does not. Mr. Spitzer has been outspoken in criticizing some union-backed proposals. Does Faso's call for Wicks repeal mean it is a given if he is elected. Hardly. What it may mean is that the 94 year old Wicks Law may outlive us all. Legislative inertia, powerful lobbying and the need to compromise to at least pass a timely budget historically mean hot button issues like the Wicks Law are pushed to the back burner. ■

Taxes and Timing of Purchases of Fixed Assets

Do you want to lower your tax liability? Silly question, isn't it? When purchasing fixed assets, the timing of those purchases can have a significant impact on your tax liability.

Generally, you cannot deduct the entire cost of equipment, furniture, vehicles and other business assets in the year of purchase (an exception will be discussed later). You recover your cost through depreciation over the useful life of the asset. How fast you can recover your costs depends on method of depreciation, recovery class of the asset and which "convention" of depreciation applies. This is where timing is very important.

Assume that your company purchases \$200,000 worth of equipment in July.

Assume the asset is depreciable under the modified accelerated cost recovery system (MACRS) and belongs in the five year recovery class. The allowable depreciation is \$40,000, which uses the "half-year convention". This means that the asset placed in service during 2006 is treated as though it was placed in service in the middle of the year.

Now assume all the facts are the same except that you postpone the purchase until November. This timing decision reduces the allowable depreciation to \$10,000 as the tax law would require you to treat the asset as placed in service in the middle of the quarter. Use of this "mid-quarter" convention is required when more than 40% of the total cost of

assets placed in service during the tax year relates to assets placed in service during the last three months of the tax year.

While having to use the "mid-quarter" convention decreased the depreciation deduction it is apparent that the timing of fixed asset purchases can significantly affect the bottom line of your business.

An alternative to the previously referenced conventions is Section 179 of the tax code. Your business may be able to deduct up to \$108,000 of equipment purchases in 2006, plus claim regular depreciation on purchases exceeding that amount. We can help you determine if you can qualify for the Section 179 expensing election, and help with all depreciation issues. ■

Labor Negotiations Update

The Building Contractors Association has recently completed negotiations with the Mason Tenders District Council of Greater New York, the New York City District Council of Carpenters and the Operating Engineers' Locals 14 & 15.

Highlights include:

Mason Tenders (NYC)

- 4 Year Agreement (July 1, 2006 – June 30, 2010)
- Wage & Fringe Increases averaging 4.5% annually
- 2 Hrs./OT of Employment on Fire Watch of Gas Heaters
- Increase Company employees from the first 5 to 6
- Shop Steward is second to last employee discharged on all projects
- Attempt to modify JATC rules to allow contractors to enroll people in the apprenticeship program.

Carpenters (NYC)

- 5 Year Agreement (July 1, 2006 – June 30, 2011)
- Wage & Fringe Increases averaging 4.6% annually
- Modify Apprentice/Journeyman Ratio from 2 for 5 to 1 for 2.
- Establish a "Market Recovery" Program
- Employee must be at gang box at starting time (was a Locker or Shanty)

- Break Time clarifications
- Lay-off checks can be mailed overnight.
- The ability to change from a 7 hour day to an 8 hour day one time during the project.
- All Apprentices will be paid only for hours worked. (1st & 2nd year apprentices were paid on a weekly basis)

Engineers 14 & 15 -

- 5 Year Agreement (July 1, 2006 – June 30, 2011)
- Wage & Fringe Increases averaging 4.8% annually
- Engineers will operate "Dual Purpose" Hoists
- Only the 1st, 3rd, 5th, etc engineer on hoists will count towards the Master Mechanic Trigger
- Master Mechanic can cover large fireproofing pumps
- Engineer not required on Fireproofing pumps 7.5 hp and less.
- Renovation Hoist trigger raised from 40K s.f. to 100K s.f.
- 8 Hour Day option when servicing an 8-hour trade.

B.C.A. General Membership Meeting

Thursday, September 28, 2006

Gallagher's Steak House
228 West 52nd Street, NYC

5:30 p.m. Cocktails
6:00 p.m. Dinner & Program

Please make every effort to attend. The Nominating Committee will be elected at this meeting.

Please fax or mail your reservation to the B.C.A. Office.

NAME OF COMPANY

NUMBER OF RESERVATIONS: (NO CHARGE)

NAME OF PERSON AUTHORIZING

Please Note: We ask that cancellations be made 48 hours prior to the meeting. If they are not, a charge per person will be imposed.

BCA's Annual Fishing / Golf Outing

October 26 & 27, 2006

Montauk Yacht Club, Star Island

Agenda:

Thursday

11:00 am.....Golf, Montauk Downs
3:00 pm.....Hotel Check-In
7:00 pm.....Dinner

Friday

5:00 am.....Breakfast
6:00 am.....1/2 Day Fishing Charter
1:00 pm.....Return to Dock

PRIZES WILL BE AWARDED!



Golf + Fishing \$700
Fishing Only \$600

Contact the BCA Office for More Information

Annual Golf Outing

Alpine Country Club Alpine, New Jersey Monday, September 25, 2006

8:30am	Registration & Buffet Breakfast
10:00am	Shotgun
2:30pm	Cocktails & Awards

Foursome \$2,000
(Includes Hole Sponsorship)

Single Golfer \$500

Sponsorship Listings:

Hole \$250/hole

Driving Range \$500

Breakfast \$5,000

Refreshments on Course \$2,500

Golf Carts \$4,000

Hole-in-One Contests (3) \$500 ea.

Caddies \$3,500

Cocktail Reception \$5,000

Outing includes:

Gift Bag
Buffet Breakfast
Lunch at the Turn
Refreshments on Course
Cocktail Reception
Green Fees
Driving Range
Carts
Door prizes

Competitions include:

Longest Drive
Blue Ball Tournament
Straightest Drive
Closest to the Pin
Low Team Gross
Beat-the-Laborer
Low Team Net
Million Dollar Shoot-Out

DIRECTIONS TO ALPINE C.C. 80 ANDERSON AVENUE

From the George Washington Bridge:

Use upper level of the Bridge. Bear right at end of bridge onto Palisade Parkway. Travel approx. 7 miles. Get off at exit 2 (Alpine, Closter / Rte. 9W), Turn left at traffic light onto Rte. 9W south. Continue 1/2 mile to Closter Dock Road traffic light. Turn right onto Closter Dock Road and continue down the hill approx. 1.25 miles to the Anderson Avenue traffic light. Turn left onto Anderson Avenue and continue approximately 0.5 mile. Entrance is on the left side of the road.

From the Tappan Zee Bridge:

Exit onto Rte. 9W south and continue to Closter Dock Road traffic light. Follow directions above.

From Route 4 East:

Take second Grand Avenue exit (Grand Avenue / Englewood) Turn right at first stop sign. Turn right at next stop sign onto Grand Avenue (north). Continue 1.1 miles to Palisade Avenue traffic light. Proceed straight through light, continuing on Engle Street approximately 3 miles to end. (Note: 2-way traffic begins after 1.2 miles). Turn left onto Hudson Avenue. Continue to first traffic light and turn right onto County Road. Continue 1.2 miles to fork. Proceed straight on Anderson Avenue for 0.3 mile. Entrance is on the right side of the road.

From Route 80 East / 95 North:

Take Exit 71 (Broad Avenue, Leonia, Englewood). Bear right off exit ramp onto Broad Avenue. Continue 1 mile to stop sign. Proceed straight on Dana Place to first traffic light. Turn left onto E. Palisade Avenue and continue to second traffic light. Turn right onto Engle Street and continue approximately 3 miles to end (Note: 2-way traffic begins after 1.2 miles). Turn left onto Hudson Avenue. Continue to first traffic light and turn right onto County Road. Continue 1-2 miles to fork. Proceed straight on Anderson Avenue for 0.3 miles. Entrance is on the right side of the road.

From the Garden State Pkwy. To Exit 165 foretell & Oradell Ave.:

Follow Oradell Ave. to the end, turn left (Grant Ave.). Follow bend of road to right which puts you on Sunset Ave. Proceed to end of road, turn left onto Park Street. At 1st stop sign, turn right onto Haworth Ave. At 2nd traffic light, turn right onto Schraalenburgh Rd. 1st Street on left, turn onto Hardenburgh Rd. Proceed 1.9 miles to Anderson Ave. and turn right. Proceed 0.1 miles to Club on left.

See registration form on page 8.

Annual Golf Outing Response Card

Monday, September 25, 2006, Alpine Country Club, Alpine, NJ

NAME

COMPANY

STREET ADDRESS

CITY, STATE, ZIP

PHONE #

FAX#

NAME(S) OF GOLFERS:

DINNER ONLY:

Partial and Co-sponsorships
Are Acceptable

I would like to contribute to the 2006
B.C.A. Golf Outing by sponsoring:

Enclosed is a check in the amount of:

\$ _____

**Please make checks
payable to:**

BUILDING CONTRACTORS
ASSOC., INC.

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New York, NY 10016

Phone: (212) 683-8080

Fax: (212) 683-0404



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