

Local 100 President John Samuelsen Responds to MTA Chair Lhota's Call for "Sacrifice"



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Unmoved by Plea for 'Sacrifice' **TWU Leader Reacts Icily To MTA's 'Freeze' Play**

By SARAH DORSEY

Transport Workers Union Local 100 President John Samuelsen charged June 19 that transit-system head Joseph J. Lhota is out of touch with the financial needs of his workers after he penned a New York Post op-ed article on why union members shouldn't receive wage increases for the next three years.

In making the case for transit workers to accept a three-year pay freeze consistent with what state-employee unions did to avert close to 10,000 layoffs, Mr. Lhota argued that riders had endured fare hikes and service cuts, local businesses were paying more in taxes to support mass transit, and nonunionized MTA staff had not received raises since 2008.

"Now it's time for labor to be part of the solution," he said in the Post op-ed.

So Much for Private Talks

The Metropolitan Transportation Authority Chairman's piece was published after he'd stated for months that the MTA didn't negotiate in the press. Mr. Samuelsen called it an attempt to undermine the "very significant ties" the union has built with the community.

MTA spokesman Adam Lisberg said it was simply a response to the union's public allegations that the agency is wasting money.

A few months ago, Local 100 launched a campaign and website called "MTA: Money Thrown Away," alleging that the agency's bungling of real-estate deals cost it the funds it needed to pay workers.

Mr. Lhota answered, in effect, by saying that over the last few years, everyone in the MTA workforce has sacrificed but the unionized staff. He said that by cutting staff, freezing wages for non-union employees and consolidating operations, the agency saved \$700 million in 2011. (Earlier



JOSEPH J. LHOTA: Time for workers to chip in.

this year, he said that one year of 1-percent wage increases would cost \$150 million.) And he complained that union workers got an 11-percent raise over the last three years through an arbitration ruling, while the city's cost-of-living index rose only 4.6 percent.

Job Cuts 'A Shell Game'

In an interview, Mr. Samuelsen questioned the savings Mr. Lhota says he and his predecessor achieved. Mr. Lhota pointed to 3,500 jobs the agency slashed, 20 percent of which were held by headquarters staff.

"You know what this company does?" Mr. Samuelsen said. "They play this incredibly contrived shell game. They say they've reduced the workforce but they've just shifted them from one agency to the next, and it's a constant rotation." He alleged that if the MTA slashed jobs at New York

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TWU Icy Toward MTA Freeze Plan

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City Transit, for example, it might create more at the Long Island Rail Road.

Mr. Lisberg countered that even if some employees took over vacant positions after theirs were cut, the consolidations were dramatic enough that the agency will be able to squeeze its headquarters staff into the empty space in its New York City Transit building at 2 Broadway and sell its Madison Ave. property.

Notes Recent Cooperation

Mr. Samuelson further took issue with the idea that workers aren't willing to sacrifice.

"We give every day. We give in ways that these guys who wear suits to work couldn't even dream of giving," he said, noting that 962 Local 100 members were laid off in 2010, and that employees are assaulted frequently.

He also noted that his members cooperated fully with the Fast Track program, which saves money and time by doing subway repairs on weeknights.

"Any way they can think of to save money without undermining our contractual rights—we will be right there with them," he said.

Mr. Samuelson also claimed that his members who do construction "trades work," such as Crane Operators, Welders, Electricians, Carpenters and Masons, make 40 percent less than their counterparts outside the MTA. Mr. Lisberg called that comparison a complicated one that was difficult to analyze without more detailed data.

The two sides also rehashed their long-running dispute over real estate. Mr. Lhota said that by reducing leased office space and selling its Madison Ave. headquarters, the agency has kept the costs it can control well under the rate of inflation. Mr. Samuelson scoffed at this claim, charging that giving away its building at 370 Jay St. in Brooklyn, which it leased for \$1 a year, and moving more employees into its pricey downtown Manhattan office was foolhardy.

Defends MTA's Investments

Mr. Lisberg said the Jay St. building was "falling apart" and "unsuitable for use"; he claimed it would cost \$50 million just to deliver a clean, empty building to the new leaseholders. Of the 2 Broadway property, he said, "We're in it. It would be costly to get out of it. So let's make the most of what we have there." To which Mr. Samuelson retorted, why not occupy a cheaper building and sublease that one?

He also challenged Mr. Lhota over interest swaps, another frequent union complaint. Before the 2008 fi-



JOHN SAMUELSEN: Say it ain't so, Joe.

ancial crash, the MTA and other government entities made deals with banks that have left them paying well-above-market interest rates today. To get out of these deals would trigger hefty exit fees.

A New York Times article noted that an arbitrator in an Amalgamated Transit Union contract dispute recently chided the MTA for not trying to negotiate these fees down, using its leverage as a customer that borrows billions every year. Mr. Samuelson charged that the agency could save millions by doing so.

But Mr. Lisberg sharply disagreed, arguing that in the long run, these deals would save the MTA money.

"These are 30-year bonds. Right now [there are] abnormally low interest rates, but over the long-term curve, [our rates are] still attractive. We don't want to get out of them," he said, adding, "We understand that [the union] thinks that we could magically convert all our debt into the lowest-interest terms. They are wrong."

Calls Debt Payments a Drain

Mr. Samuelson said the problem lay with the increasing debt the MTA has taken on in recent years, which has eaten up a large part of its budget in interest payments. He noted that in the last eight years, labor costs have decreased as a share of the budget and debt service has increased. Mr. Lhota has often countered that health-care and pension costs have also shot up.

But Mr. Samuelson chafed at the mention of pension costs. He pointed out that when the stock market was performing well a dozen years ago, the MTA, along with other city and state entities, suspended payments into the pension funds, rather than continuing to sock away money for lean times. "If they would have continued to pay the appropriate contributions," he said, "they wouldn't be crying poverty now."

The two sides sharply differ on

what should be prioritized: employee raises or large capital improvements. Mr. Samuelson noted that the MTA takes money from its operating budget—the one that funds worker pay—each month to cover such projects.

"Any capital work that does not have a direct impact on the state of good repair of the bus fleet or trains [is] unnecessary at this point [until the economy recovers]," he said. "You don't put an extension on your house when you don't have the money to pay the electric bill."

He also called for executives—starting with Mr. Lhota—to take pay cuts first.

"Leadership starts at the top," he said. "It's really easy for a rich guy—a guy making \$340,000—to say that the working families of TWU Local 100 should sacrifice. Let him make \$55,000 a year and see if he thinks he deserves a raise at the end of the year."

'Keeping the Lines Open'

Despite the personal barbs, however, Mr. Samuelson said that Mr. Lhota's op-ed won't change the negotiating climate, which has so far been much more cordial than it was with the MTA Chairman's predecessor, Jay Walder.

"I think it serves the members of Local 100 for me to have an open line of communication with him," he said, adding that, "I've demonstrated that when I think he's wrong I'm going to say so and I might not always say so in the nicest way."

Mr. Lisberg noted that his boss has accepted a lowered salary compared to Mr. Walder's: he makes \$332,500 instead of \$350,000. He also declined Mr. Walder's monthly \$5,000 housing allowance and severance package of one year's pay. To Mr. Samuelson, this was still a lavish-enough salary to make a demand for an employee pay freeze "hard to take."

"Our members and their spouses are working... just to stay afloat in NYC," he said.

