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ATTORNEY CLIENT PRIVILEGED
MEMORANDUM

DATE: September 9, 2013

TO: Hotel Association of New York City, Inc.
Labor Relations Members
General Managers, Human Resources Directors and Controllers

FROM: Kane Kessler, P.C.
Labor and Employment Law Department

RE: **Pending Porterage Settlement**

As we previously reported, Paragraph 18 of the 2012 Memorandum of Understanding ("2001 MOU") between the Hotel Association and the Union provided for the establishment of a Study Committee to address the Union's claim that Hotels were misapplying IWA Articles 50 (A)(2), (3), and (4). In the event that the parties were unable to agree, either party could file for interest arbitration before the Impartial Chairpersons at any time after September 1, 2012. The Impartial Chairpersons were, by the terms of the 2012 MOU, permitted to select one of the following remedies:

(i) The establishment of a reasonable period of time for the definition of "common arrival" of a group;
(ii) To determine a reasonable interpretation of a group booking to a master account; or
(iii) To order additional compensation, including an increase in the hourly rate for Bell and Door staff, not to exceed two dollars ($2.00) per hour over the term of the IWA and an increase in the porterage rate not to exceed four percent (4%) over and above the existing IWA increases.

In meetings with Association members and based on information we obtained from Hotels, it was evident that there is a near complete absence among Hotels of an industry definition and standard for "common arrival." In negotiations, the Union demanded a twelve (12) hour time period. Similarly, our analysis of Hotels' treatment of "group booking to a master account" revealed great disparity of application. In negotiations, the Union sought an expanded definition which would capture many booking arrangements, including individual business travelers, that are not presently covered by Hotels under Article 50(A)(3).

Because of the complexity of these two definitional issues and the lack of any common standard by Hotels, the HANYC Negotiating Committee and the Board of Directors reasonably concluded that in an interest arbitration, the Impartial Chairpersons would more than likely choose the additional wage and porterage option. The Committee and the Board realized, however, that such an outcome would leave unresolved the issues of "common arrival" and "group booking to a master account" and more than likely, the Union would continue – via individual Hotel negotiations or arbitration(s) – to seek to change Hotels' practices in these areas.

Thus, it was apparent that an outcome protecting Hotels' existing practices was paramount.

Accordingly, we are pleased to advise that the Association and the Union have reached a tentative settlement on the Porterage issue which has been approved by the HANYC Board of Directors and ratified by the Union. We believe that this global resolution of the Porterage issue is beneficial to the Association and to its Hotel members. A summary of the settlement is as follows:

1. Porterage fees: An additional 4% increase, effective January 1, 2014. (This changes porterage by an additional 5¢ for Doormen and an additional 10¢ for Bell Staff on this date.)

2. Wages: With the exception of Hotels not currently bound to the IWA whose Bellpersons and Doorpersons do not regularly receive porterage and are paid no less than the IWA Elevator Operator, Passenger rate of pay:
    a. Bellpersons: An additional $3.00 per hour over the term of the contract, as follows:
        1/1/14 + $1.00
        1/1/15 + $ .50
        1/1/16 + $ .50
        1/1/17 + $ .50
        1/1/18 + $ .50
    b. Doorpersons: An additional $2.50 per hour over the term of the contract, as follows:
        1/1/14 + $1.00
        1/1/15 + $ .50
        1/1/16 + $ .50
        1/1/17 + $ .50

3. Paid Benefit Days: Will continue to be paid at existing IWA rates, without taking into account the increases provided for above.

4. The Union agrees to withdraw, with prejudice, the pending interest arbitration grievance, and all other pending grievances at Hotels regarding alleged violations of Article 50(A) of the IWA.

5. All Hotel practices as of July 1, 2013 regarding the definition of a "common arrival date and time and a common departure date" and the definition of a "group booking on a master account" shall be maintained and preserved as binding past practices and may not be challenged as violative of Articles 50(A)(2) or (3). The Union may only grieve violations of Hotels' practices as of July 1, 2013, or if, in the highly unlikely situation, where it contends there is no practice.

The Union has scheduled a ratification vote for September 12, 2013. If approved, we will be distributing in the near future a revised Article 50 and supplement to Schedule A, which will reflect the above changes.

If you have any questions, please do not hesitate to call David R. Rothfeld, Judith A. Stoll, Niki Franzitta, Lois M. Traub, Alexander Soric or Robert Sacks.

cc: Joseph E. Spinnato, Esq.
Geoffrey A. Mills, Chairman