Unions, contractors clash on SeaWorld issue

By Ray Huard
UNION-TRIBUNE STAFF WRITER

June 25, 2002

Tourism groups and contractors clashed with labor unions and their supporters before the San Diego City Council yesterday over council demands for an agreement that theme park managers said would force them to use contractors employing union workers.

SeaWorld has said it will cancel a planned $50 million expansion unless the council reverses a decision, made in a closed session last week, to require that the theme park sign a project labor agreement and a neutrality agreement over workers employed to build and run a 300-room hotel that would be part of the expansion.

"This is a real shame that we're dragging our business community through this," said John Hawkins of the San Diego Convention and Visitors Bureau.

If SeaWorld cancels the expansion plans, "We lose all those jobs, we lose good union jobs, we lose good nonunion jobs," Hawkins said.

Labor union supporters said SeaWorld wants to avoid paying the higher wages and improved fringe benefits such agreements would bring.

"Livable wages are an essential contributor to the resolution of our housing crisis," said Richard Lawrence of the San Diego Housing Coalition.

Labor union supporters said that a project labor agreement wouldn't automatically require that SeaWorld use contractors with union workers, but that it would guarantee workers would get better wages and benefits.

Donald Cohen of the San Diego-Imperial Counties Labor Council said a neutrality agreement would allow hotel workers to decide, without management interference, whether they wanted to be represented by a labor union.

Following the advice of City Attorney Casey Gwinn, the council made no comment or decision yesterday after hearing from more than 50 people in a hearing that lasted about three hours.

The council will review SeaWorld's lease provisions at 9 a.m. today in a closed session.

Gwinn said lease negotiations with SeaWorld should be private under the state's open-meeting law.
"These are confidential matters," Gwinn said. He said the council in its closed sessions was simply giving instructions to its negotiators and not approving a final agreement with SeaWorld.

The vote on a final agreement with SeaWorld must be made in public.

But several people said the council in its closed-session votes was setting a policy that was too important to be done out of public view.

SeaWorld General Manager Dennis Burks said he was informed of the demand for labor agreements by city real estate managers after a council closed-session vote last Tuesday.

Burks said the effect of those agreements would be that 80 percent of the hotel construction work must be done by contractors with union workers. It also would force SeaWorld to hire union workers to run the hotel, Burks said.

He said SeaWorld "simply cannot and will not" sign such an agreement.

SeaWorld officials said they have hired contractors with union workers in the past, but want to protect their right to hire whomever they want, union or nonunion.

SeaWorld leases 189.5 acres of city land in Mission Bay Park. It must amend its lease to expand.

The council in June approved a new master plan outlining expansion projects, but the deal must be renegotiated because of amendments added in February by the California Coastal Commission. The commission has jurisdiction because SeaWorld is on Mission Bay.

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City abandons labor demand of SeaWorld

Park had threatened to cancel expansion

By Ray Huard
UNION-TRIBUNE STAFF WRITER

June 27, 2002

The San Diego City Council has backed down from its demand that SeaWorld sign labor agreements on a proposed new hotel, ending a threat that the theme park might cancel its $50 million expansion plan.

"We are gratified by today's decision," SeaWorld General Manager Dennis Burks said in a statement released yesterday.

William Griffith, the city's real estate assets director, said in a letter hand-delivered yesterday to SeaWorld's lawyer that the council had voted in closed session Tuesday night "to eliminate the requirement for a project labor agreement on potential future hotel construction and the requirement for a neutrality agreement on future hotel operations."

Mayor Dick Murphy, in an interview yesterday, said it was "a bad idea" for the council to have tried in the first place to impose labor agreements on SeaWorld.

The council voted to add the labor agreements to SeaWorld's lease in a closed session last week. The vote to reverse that decision was made in a closed session the day after a three-hour public hearing Monday.

Councilman Ralph Inzunza Jr., a supporter of the labor agreements, said he took SeaWorld's threats to cancel the expansion as a negotiating tactic.

"I don't apologize for supporting working men and women who need good wages and health care," Inzunza said. "People are living in poverty because they don't have decent wages. This is what unions can provide, and I believe in them."

Murphy, who opposed the agreements, said he didn't want to push SeaWorld to find out if theme-park officials were bluffing.

"I'm not particularly interested in playing brinksmanship with the most important (tourist) institution in our city," he said.

At risk for the city was the $15 million in public-works projects SeaWorld promised to build around Mission Bay Park as part of its expansion, as well as increased tax revenue from the additional tourists the new theme-park attractions might draw.

Council approval is required for SeaWorld to expand because the theme park is built on 189.5 acres of city-owned land in Mission Bay Park. The council approved the expansion in July. The deal had to be renegotiated to comply
with conditions added in February by the California Coastal Commission, which has jurisdiction because SeaWorld is on Mission Bay.

Burks last week said the labor agreements the council imposed were "too onerous" because they would have the effect of requiring SeaWorld to hire contractors who employ labor union workers on 80 percent of the hotel construction work and that hotel workers be union members.

Labor union leaders and representatives of tourism industry groups said they were satisfied with the council's final decision.

"We had a chance to get our issues out on the table," said Donald Cohen of the San Diego-Imperial Counties Labor Council. "There's some serious issues being discussed about what kind of jobs we're creating, especially with valuable public land, whether those jobs are jobs people can afford to support their family on."

Mike McDowell, executive vice president of the San Diego Lodging Industry Association, said the council reversal was "great news for our industry."

"The economic ramifications of the possible loss of SeaWorld would have been staggering to the hospitality industry," McDowell said.

Included in revised lease terms outlined by Griffith is a provision that requires theme-park officials to return for separate council approval of the 300-room hotel before it can be built. SeaWorld has agreed to wait at least 10 years to build the hotel.

Cohen said labor unions will again raise the issue of hotel construction and staffing jobs when the hotel project returns to the City Council.

Some business leaders said the broader policy issue of setting labor agreements on projects built on city land, such as SeaWorld, should be set well before a particular project goes to the council for review.

"The time to talk about the future is now," said Mitch Mitchell, vice president of public policy for the San Diego Regional Chamber of Commerce.

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State News

California
San Diego City Council Backs Off Planned Project Agreement on SeaWorld Expansion

SAN DIEGO--The San Diego City Council June 26 rescinded a requirement that SeaWorld enter into a project labor agreement for a hotel it has planned as part of a $50 million expansion.

The City Council, in closed session, reversed a June 18 vote requiring that SeaWorld enter into project labor and neutrality agreements during the construction and operation of the 300-room hotel.

SeaWorld is located on land owned by the city. The requirements were made as attachments to a lease proposal being negotiated by the city's real estate division and representatives of San Diego's renowned theme park.

In a June 26 letter to SeaWorld attorney David E. Watson, the city's Real Estate Assets Director William T. Griffith informed of the council's decision to "Eliminate the requirement for a project labor agreement on potential future hotel construction and the requirement for a neutrality agreement on future hotel operations."

SeaWorld General Manager Dennis Burks responded in a June 26 statement, "We are gratified by today's decision and look forward to final city council action on our master plan on July 9."

Donald Cohen, political director, San Diego-Imperial Counties Central Labor Council, noted that Griffith's requirement that a public hearing be held following 90-day notice from SeaWorld of a plan to apply for the hotel project means, "labor gets a bite of the apple."

Debate Ignites Political Firestorm

The first vote, "was done by our friends on the City Council without our knowledge," Cohen told BNA. "It was like a neutron bomb went off."

Following the first vote, SeaWorld spokesman Bob Tucker commented, "We've said publicly that if the vote is not changed and the attachments become part of the lease agreement, we will walk away from the master plan, four years of work, and the several million dollars we've spent on it."

SeaWorld's threat to pull the plug on the entire expansion led to a "vigorous public relations campaign" coordinated by Mayor Dick Murphy and the San Diego Chamber of Commerce, Cohen said.

"They went overboard and we let them know it," said Cohen. "Labor has been a good partner to business here."
He described the city as "polarized" by this series of events, noting that Murphy, a Republican, is "upset" and vowing involvement in upcoming City Council campaigns.

"We're gearing up for a fight," said Cohen.

The spat is symptomatic of a shifting balance of power in San Diego. Following the election of City Councilwoman Donna Frye in June 2001, Democrats became a majority for the first time in history.

Organized labor's hand in that transformation is widely recognized locally. Ø

By Stephen Siciliano

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Union-Tribune Editorial

Political payback

Unions pressure City Council on hotel project

November 18, 2002

For the second time in recent months, union leaders are exercising their growing political sway on the City Council to pressure a private firm to unionize its work force. If council members comply with organized labor's demands, they will be guilty of egregious interference in the collective bargaining process.

Even worse, meddling by the City Council in this case could result in the loss of a proposed 450-room Intercontinental Hotel in downtown San Diego.

The project, envisioned for the G Street parcel at Horton Plaza, would generate more than $3.2 million a year in city revenues from room taxes and other levies. Those tax dollars could be used to help finance a range of public improvement projects, from a new central library to improved parking facilities in Balboa Park.

Gordon Watkins, vice president of Six Continents Hotels, recently warned that Local 30 of the Hotel Employees and Restaurant Union, AFL-CIO, threatened to "mount strong opposition" on the City Council to the new hotel, unless the company signed a "neutrality agreement" with the union. Under such an accord, the hotel developer would pledge "to take a neutral approach to unionization" of its employees and be forbidden to offer any opposition, "directly or indirectly," to the union's organizing campaign. In addition, the company would be required to assist the union's efforts by providing space in nonpublic areas of the hotel for union representatives to organize the work force.

Not surprisingly, Six Continents Hotels rebuffed the union's demands. As a consequence, AFL-CIO representatives have been lobbying council members to put off a planned vote to approve the hotel. The project already has been endorsed unanimously by the Centre City Development Corporation, the city's downtown urban renewal agency. But it also must win approval from the City Council.

A delay in City Council action engineered by organized labor would hand union leaders a political club with which to bludgeon the hotel developer into accepting the neutrality agreement.

In a letter to Mayor Dick Murphy and City Council members, Watkins declared that Six Continents Hotels would abandon the project altogether if the council yields to the AFL-CIO's pressure tactics. Murphy has docketed the matter for Nov. 25, and he has made it clear he will vote to support the project.
If union lobbyists are able to round up five votes on the council, however, a motion to defer consideration of the hotel would be approved over the mayor's objections.

In a similar case earlier this year, the City Council acted behind closed doors to require SeaWorld to enter into a "project labor agreement" with unions on its proposed $50 million expansion. The vote came after heavy lobbying by organized labor. When SeaWorld threatened to cancel the expansion, the City Council backed down and dropped the requirement.

In recent elections, organized labor has made huge campaign contributions to winning City Council candidates in a bid to expand its influence at City Hall. In the most recent balloting, newly elected council member Michael Zucchet was the beneficiary of more than $250,000 in union spending.

Now, it's payback time. Organized labor is asserting its newfound political weight on the City Council in a flagrant attempt to tilt the scales of the collective bargaining process in the private sector. Whether workers unionize or not is an issue that should be settled between an employer and its employees, under the rules spelled out in state and federal law. The City Council has no business whatsoever injecting itself into this private sector matter – especially when that interference could cost taxpayers $3.2 million a year in forfeited revenues.

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SAN DIEGO CITY COUNCIL BACKS OFF PLANNED PROJECT LABOR AGREEMENT ON SEA WORLD EXPANSION

The San Diego City Council has rescinded a requirement that SeaWorld enter into a new project labor agreement for a hotel it has planned as part of a $50 million expansion.

The facts:

- In closed session, the City Council voted to require that SeaWorld enter into a new project labor agreement and a labor peace agreement for the construction and operation of the proposed hotel.

- In response the Chamber of Commerce, the Union-Tribune, the anti-union hotel industry and the anti-union construction industry mobilized an anti-union campaign, spreading lies through the local media.

- The Labor Council mobilized over 75 people to the City Council hearing on four hours notice and testified that the city should only lease land to employers that will pay livable wages, hire local workers, and let workers have the freedom to choose a union without intimidation and harassment.
• The City Council backed away from their vote, but the Labor Council was successful in passing a resolution that would require SeaWorld to notify the city when they want to build a hotel and asked the city to hold public hearings.

• Kevin Faulconer, our opponent in the District 2 City Council race, testified that if he were elected, he would be a solid vote against labor.

• The Mayor's office, the Chamber of commerce and the Economic Development Corporation (EDC) helped to lead the charge against labor at city Hall. (The EDC receives $1.6 million from the city and is using that money to work against workers receiving decent wages and benefits).

• The next battle is over the City Council seats in District 2 and District 4. We're pulling out the stops to elect Michael Zucchet and Dwayne Crenshaw; while the Mayor, pledging to stop labor, has endorsed Charles Lewis and Kevin Faulconer.

“They went overboard and we let them know it,” said Donald Cohen, political director of the Labor Council. “Labor has been a good partner to business here. We’re gearing up for a fight.”

The spat is symptomatic of a shifting balance of power in San Diego. Following the election of Council member Donna Frye in June 2001, Democrats became a majority for the first time in history.