



City of Long Beach

Working Together to Serve

Memorandum

Date: August 16, 2019

To: Patrick H. West, City Manager *T.M.*

From: John Keisler, Director of Economic Development *JK*

For: Mayor and Members of the City Council

Subject: Update on Labor MOUs and the Long Beach Convention and Entertainment Center

Background

At its February 19, 2019 meeting, the City Council directed the City Attorney to review Labor Memorandums of Understanding (MOUs) for convention center facilities in comparable cities, including, but not limited to, Los Angeles and San Diego. It was further requested that the City Manager and City Attorney meet with SMG, the City's current contract operator of the Long Beach Convention and Entertainment Center (LBCEC), to discuss entering into a similar MOU recognizing the exclusive jurisdiction of the appropriate labor unions. Lastly, the City Council requested that the City Manager require a Labor MOU in future contracts for the operation of the LBCEC.

The purpose of this memo is to provide an update on activities associated with this request. The City Council has had a strong commitment to maintaining the highest level of customer satisfaction, reasonable costs, and the highest levels of efficiency, productivity, and quality at the LBCEC. Consideration of a MOU is made with these same priorities. Although, the current Management Agreement does limit the ability of the City to require the operator to enter into such an agreement at this time.

City Labor Peace Ordinance

Long Beach Municipal Code 16.58 requires labor peace agreements for certain operations on City-owned properties. This ordinance was amended in 2013 to specifically exempt the existing concession contracts at the Airport and the Convention Center on the advice and direction of the City Attorney. Subjecting those existing contracts to a new material operational requirement would be considered a unilateral change to the contract and would likely constitute a breach of the contract if challenged in court, subjecting the City to the payment of damages. Therefore, execution of labor peace agreements by the concessionaires with the respective applicable labor unions would, during the original term of their contracts, be a voluntary decision by the concessionaires.

Review of Similar MOUs

Based on a review of current practice and the MOUs provided by City Councilmembers, the purpose of a Labor MOU for a facility such as the LBCEC is to recognize jurisdictions where identified labor unions would have exclusive rights to provide defined work related specifically to exhibitions, events and tradeshow. A MOU would identify explicit locations, and types of work, that would be assigned to an appropriate labor union.

In a review of 29 peer facilities, including LBCEC, 26 have a requirement to use union labor in some exclusive capacity for exhibitions, events and tradeshow; including areas such as installation, dismantling, freight, rigging and electrical work. Twenty-two (22) facilities provide the ability for exhibitors to utilize their own labor for at least limited scope setup, freight and dismantling. Of the 29 peer facilities, three (3) appear to use union labor exclusively throughout the center without exception: Indianapolis, IN, Las Vegas, NV, and San Francisco/Bay Area, CA.

Los Angeles Convention Center

As specifically requested by the City Council item, the Los Angeles Convention Center (LACC) has labor MOUs in place for exhibitions, events, and tradeshow that provide for exclusive jurisdiction for numerous unions. All work performed under the scope of operations for AEG, the LACC's contract operator, are subject to these jurisdictions. At the LACC, exclusive union jurisdiction is prominent. Only plumbing work is the responsibility of LACC in-house staff. The only other exception is that exhibitor's permanent employees may setup and/or dismantle exhibits if they can be done in less than 30 minutes.

San Diego Convention Center

Similarly, the San Diego Convention Center (SDCC) labor MOU provides for exclusive union jurisdiction in all work categories during exhibitions, events, and tradeshow. Although, the MOU does provide provisions under which these exclusive rights may be waived, and the work may be conducted by exhibitors or alternate contractors. A waiver may be granted, upon 90-days' notice and after meet and confer, for events such as sporting events or political conventions. Additionally, waivers may be granted for small meetings, local or community events, meetings conducted by a 501(c)(3) nonprofit organization such as Comic-Con, or a convention center user who can demonstrate having a long-standing agreement with contractors performing work within the jurisdiction.

Discussion of Organized Labor at LBCEC

Implementation of such a MOU at the LBCEC may have several areas of potential impact. The current Agreement with SMG, which does not expire until September 30, 2022, does not include any provisions that would allow the City to require SMG to enter into such an agreement. As such, SMG would need to assess a labor MOU's impacts to their financial position under the current agreement, as well as assess impacts to previously obligated events and events under current negotiation.

The current work being performed by decorators at the LBCEC is generally performed by employees covered by collective bargaining agreements with various unions (Teamsters, Decorators & Electricians/IBEW). SMG has experience in developing MOU's that provide guidance and structure to the work being performed in similar situations. Please find attached a summary of SMG's history and their experience working collaboratively with organized labor. (Attachment)

Next Steps

SMG has begun to develop an initial cost analysis concerning the various benefits of the agreements, the workforce impact, and expense potentially associated with a MOU taking place at the LBCEC, as well as any necessary exceptions to ensure smooth operations of events at the facility. As the next step in the process, SMG has scheduled meetings with various unions to discuss work flow and jurisdictions. Once these meetings have taken place, a more detailed analysis can be completed determining the potential impact on operations and financial performance and will be shared with the City.

As previously noted, SMG's management agreement for the LBCEC is set to expire in 2022. The City has contemplated the agreement's expiration, and staff is working with a financial consultant to develop a formal Request for Proposal (RFP) for solicitation of a management partner for the LBCEC.

On August 20th, the City Manager will be recommending the City Council execute documents necessary for a Seventh Amendment to Management Agreement No. 21667 with SMG to enter into a Labor Peace Agreement with UNITE HERE Local 11 for operations at the Long Beach Convention and Entertainment Center.

Additionally, next week SMG will be meeting with labor representatives to discuss the next steps of the process.

For any questions regarding these matters, please contact John Keisler, Economic Development Director, at john.keisler@longbeach.gov or (562) 570-5282.

JK:JMV

Attachment

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA DOUD, CITY AUDITOR
TOM MODICA, ASSISTANT CITY MANAGER
KEVIN JACKSON, DEPUTY CITY MANAGER
REBECCA GARNER, ADMINISTRATIVE DEPUTY TO THE CITY MANAGER
MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #19-0140)

History of SMG's Experience with Organized Labor

SMG has a long and successful history of constructive engagement with Organized Labor in its facilities throughout the United States. The following are some key data points that will be useful in the discussions regarding the Long Beach Convention Center:

SMG's Labor Agreements Nationwide:

- Over half of SMG managed facilities maintain one or more collective bargaining relationships
- SMG is signatory to over 200 collective bargaining agreements
- Over 800 FT and over 12,000 PT SMG employees are represented
- SMG has relationships with over 20 different international unions. They include:
 - IATSE (Stagehands, Ticket Sellers)
 - LIUNA (Laborers)
 - IBEW (Electricians)
 - IUOE (Operating Engineers)
 - IBT (Teamsters)
 - IBC (Carpenters)
 - SEIU (Service Employees)
 - UAP (Plumbers, Steam Fitters)
 - IBPAT (Painters)
 - AFSCME (Municipal Workers)
- SMG additionally oversees the work of organized workers performing activity on behalf of subcontractors to SMG or the Licensee

SMG Catering Contractor, SAVOR's, Engagement with UNITE HERE:

- Nationwide, SAVOR maintains numerous collective bargaining agreements with UNITE HERE
- SAVOR has collective bargaining agreements in 3 locations with UNITE HERE (Hotel and Restaurant Workers) in the state of California
 - Moscone Center
 - Ontario Arena (pending)
 - Greek Theater (pending)
 - Delmar Race Track
- SAVOR is currently in collaborative negotiations with Local 11 UNITE HERE

SMG's Engagement with Organized Labor in Long Beach:

- SMG employees performing mechanical maintenance work on the physical plant are represented by Local 501 Operating Engineers
- Contractors performing work on behalf of users of the Convention Center are signatory to collective bargaining agreements with:
 - Deco Local 831: <http://www.local831.org/Officers.htm>
 - Teamsters Local 986: http://www.local986.org/about_us.php
 - Electrical Union: <http://ibew11.org/about/officers/>