



Legislation Text

File #: 19-0823, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute any and all documents necessary for a Seventh Amendment to Management Agreement No. 21667 with SMG, a Pennsylvania joint venture, for a one-year extension expressly conditioned on an SMG subsidiary, SMG Food & Beverage, LLC, entering into a Labor Peace Agreement with UNITE HERE Local 11 for operations at the Long Beach Convention and Entertainment Center. (District 2)

In 2013, when the City Council adopted Long Beach Municipal Code (LBMC) Chapter 16.58, regarding Labor Peace Agreements, it specifically exempted the existing concession contracts at the Long Beach Airport and the LBCEC from labor peace agreements until the expiration of the agreement. Execution of labor peace agreements with the respective applicable labor unions during the original term of the contract would need to be a voluntary decision by SMG.

Additionally, on February 19, 2019, the City Council directed the City Attorney to review Labor Memorandums of Understanding (MOUs) for convention center facilities in comparable cities. It was further requested that the City Manager and City Attorney meet with the City's current contract operator of the Long Beach Convention and Entertainment Center (LBCEC), to discuss entering into a similar agreement at the LBCEC. Additionally, the City Council requested that the City Manager require a Labor MOU in future contracts for the operation of the LBCEC.

LBCEC utilizes a significant amount of union labor including engineers, decorators, install/setup laborers, and electricians. Food and beverage operations are not currently represented.

The current agreement with SMG, which does not expire until September 30, 2022, does not include any provisions requiring SMG to enter into such a Labor MOU. Over the course of several months, City staff and management at SMG have engaged in thoughtful discussions to explore ways to accommodate labor relations at the LBCEC. It was apparent early on that SMG has a strong commitment to avoiding labor disputes. Central Plant staff at the LBCEC operate under a Collective Bargaining Agreement with Local 501 Operating Engineers, and all labor procured by the LBCEC's decorators for specific events are members of Decorators Local 831, Teamsters Local 986, and IBEW Local 11.

One area of considerable staffing that is not represented at the LBCEC is the food and beverage sector. Food and beverage operations at the LBCEC are conducted under subcontract by an SMG-related company, SMG Food & Beverage, LLC. SMG has proposed

that in exchange for a one-year extension to their existing management agreement, SMG will require SMG Food & Beverage, LLC, to enter in a Labor Peace Agreement with UNITE HERE Local 11. This agreement would include terms prohibiting the relevant labor organization and its members from engaging in picketing, work stoppages, boycotts, or other similar economic activity at the Long Beach Convention and Entertainment Center (LBCEC)

To accommodate this proposal, staff is recommending a Seventh Amendment to Management Agreement No. 21667 with the following major terms and conditions:

- Extension: One-year extension from September 30, 2022 to September 30, 2023
- Labor Peace Agreement Condition: SMG Food & Beverage, LLC, will enter into a Labor Peace Agreement (Cardcheck/Neutrality) with UNITE HERE Local 11 no later than 30 days after the execution of the Seventh Amendment. If SMG Food & Beverage, LLC, does not enter into a Labor Peace Agreement with UNITE HERE Local 11, then any extension agreement will be null and void.
- Good Faith Clause: Assuming that a Cardcheck subsequently is conducted and UNITE HERE Local 11 thereafter is recognized as the collective bargaining representative of a unit of employees at LBCEC, SMG Food & Beverage, LLC, will negotiate in good faith with UNITE HERE Local 11 to reach a collective bargaining agreement.

This matter was reviewed by Deputy City Attorney Richard F. Anthony and by Budget Management Officer Rhutu Amin Gharib on August 5, 2019.

STATEMENT OF URGENCY

As stated above, the LBCEC and SMG are strongly committed to avoiding labor disputes. City Council action is requested on August 20, 2019, for SMG Food & Beverage, LLC, to have a Labor Peace Agreement (Cardcheck/Neutrality) in place with UNITE HERE Local 11 in time for the renown California Democratic Convention to be held at the LBCEC in November 2019, which is expected to bring thousands of delegates and numerous candidates running for President.

City Council action is requested on August 20, 2019, to execute the proposed Amendment in a timely manner.

Amending the Management Agreement will extend the term for an additional year from September 30, 2022 to September 30, 2023, contingent on SMG Food & Beverage, LLC, entering into a Labor Peace Agreement with UNITE HERE Local 11. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER