

## Media Articles on Law Firm

### For Hoteliers, the Word For Today Is: Cooperation

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*By Sheila Muto*  
*Staff Reporter of The Wall Street Journal*

SAN FRANCISCO - For hotel employees here, the hospitality industry has suddenly become quite hospitable.

With the tourism and convention market flourishing and a major hotel - construction boom under way, relations between management and union representatives are more cooperative than they've perhaps every been.

The trend is being spurred, in part, by an ordinance passed earlier this year requiring hotel operators to let workers automatically sign union cards if the city contributes or receives funds from the project. But the biggest thing fostering closer collaboration is the realization that the union can muck up a big hotel project unless it is made part of the process from the start.

In particular, hoteliers worry that union opposition could lead to extensive delays in getting necessary permits and approvals from the city, which has long had a reputation for being friendly to labor. And once a hotel's doors open, nobody wants to see picket lines outside -- something that has happened in the recent past.

"Most developers don't want the risk of fighting the union during the construction or opening of a property," says Bob Murphy, a San Diego lawyer who represents hotel operators here. "So they're trying to hammer out a deal with the union that makes sense."

Take developer Chip Conley. Even before he won a bid to exclusively negotiate with the city of San Francisco to build a 170-room hotel on property owned by the Public Transportation Commission, he asked Local 2 of the Hotel Employees and Restaurant Employees Union for its support. The union, in turn, agreed to write a letter backing the project.

"With the economy as strong as it is right now, the likelihood of a union being involved in a hotel with 150 rooms or more is a given," explains Mr. Conley, president of Joie de Vivre Hospitality, Inc., which operates 13 boutique hotels in San Francisco, three of which are unionized.

Thus, he adds, "It made sense to go directly to the union and say, 'We want to work with you.'" Although Mr. Conley is bound by the new ordinance, he says he would have let the union come in and sign up his workers, no matter what.

# Korshak, Kracoff, Kong & Sugano, L.L.P.

Other developers evidently feel the same way. Local 2 says Phoenix-based Starwood Hotels & Resorts Worldwide Inc., which broke ground here for a 423-room hotel this past June, has already met with union officials, even though the project isn't subject to the city ordinance and is nearly two years away from completion. The same is true for Millennium Partners L.L.C. of New York and WDG Ventures Inc. of San Francisco, which plan to build a 285-room hotel near the convention center -- most likely a Four Seasons. Many other companies are also initiating contact with the union.

The open dialogue marks a big change for Local 2, which has prevailed in six bruising organizing and contract campaigns since 1990 and now represents about 80% of the workers at San Francisco's full-service hotels.

"Operators and developers are beginning to recognize that if they work with the union, they can avoid punishment and may actually get some competitive advantages," says Mike Casey, present of Local 2, which represents about 7,000 workers.

Mr. Casey says both Starwood and the Four Seasons are close to finalizing "card-check" agreements, whereby the employer agrees to negotiate with the union if a majority of workers sign up for representation; that's in lieu of a formal election, which often takes a long time to hold and is open to later legal challenges. (A spokesman for Starwood wouldn't confirm any talks with the union. A spokeswoman for Four Seasons Hotels Inc. would only say that the company is in discussions with Local 2.)

The spirit of cooperation comes amid a period of prosperity for local hoteliers.

Last year, San Francisco boasted an occupancy rate of nearly 80% and an average daily room rate of \$134. That was a 12.5% room-rate increase from 1996 -- the biggest rise in the nation, according to PKF Consulting of San Francisco, which tracks the industry.

PKF is forecasting a 10% increase in rates this year. That has hotel developers clamoring to add more than 3,000 rooms by 2003 to the 35,000 or so that are already here. In all, 10 major hotels are currently under construction or planned in San Francisco.

Elsewhere in California, hotel-union officials say they are also seeing signs of greater harmony with the industry -- albeit not nearly to the degree as in San Francisco.

In Sacramento, for instance, local developer Lankford & Taylor Development Co. signed a card-check agreement even before submitting the winning bid to exclusively negotiate with the city to put up a 500-room hotel. An in Los Angeles, shortly after TrizecHahn Corp. purchased the Hollywood Holiday Inn last fall, the Toronto-based company met with labor officials to discuss its plans.

Local 11 in L.A. also was pleased with results of its contract talks last week with the Beverly Hilton, the ninth area hotel to sign an agreement boosting wages, benefits and job security.

Granted, it isn't all smooth sailing for the union -- even in San Francisco. In fact, Local 2 has yet to reach a contract with the San Francisco Marriott since its workers signed up for union representation in 1996 following a nasty, seven-year legal battle. And the owner of the Sir Francis Drake Hotel is appealing a union election held last November.

Local 2's Mr. Casey points to these situations as examples of why he and other labor leaders remain cautious. "No one just rolls over," he says.

Still, despite such tough talk, the reality is that many hotels are more open than ever to finding common ground with the union. *Stuart Korshak, a Los Angeles labor lawyer, notes that he represents a group of 12 hotel managers in San Francisco who have partnered with Local 2 during the past few years.* The effort is designed to make the hotels more competitive by implementing flexible work rules and joint worker- training programs.

*The "new generation of union leaders "are" better able to work with businesses that want to work with them," Mr. Korshak says. At the same time, they are "more effective in fighting businesses that don't."*