

Billion-Dollar Deal Scuttled in California

Firm Says 'No' to Union-Only Agreement, Vows to Invest Elsewhere

This year, Californians are forking out roughly \$15,000 apiece in federal, state and local taxes, according to the nonpartisan, Washington, D.C.-based Tax Foundation.

Californians are strapped by a heavier tax burden as a percentage of their income than are the residents of 43 of the 49 other states.

At the same time, the Golden State's per capita income, when adjusted to account for the extraordinarily high cost of living in coastal California, is well below the national average.

The deadly combination of high taxes and high living costs has already spurred a net total of well over three million residents and countless businesses to flee the state since 1990.

Power-Hungry Union Bosses Are Greatest Single Source Of State's Economic Woes

And power-hungry, irresponsible union bosses, both public-sector and private-sector, and the politicians who do their bidding are the greatest single cause of the problem.

One recent, especially egregious example of how Big Labor is damaging the California economy is construction union bosses' scuttling of plans to build a \$1 billion hotel and convention center on the bayfront of Chula Vista, a medium-sized city in southern San Diego County.

In early July, Gaylord Entertainment Co., a Nashville, Tenn.-based hotel chain, announced that it would pull out of the project, charging that San Diego construction union bosses had placed "unwavering, unreasonable demands" on the company.

While Gaylord executives were willing from the beginning to negotiate with the union officials of the San Diego Building and Construction Trades Council (SDBCTC) over salary and benefit issues, they refused to acquiesce to the SDBCTC hierarchy's demand for a union-only "project labor agreement" (PLA).

Under San Diego union bosses' PLA scheme, construction union firms who wished to bid on the Chula Vista project, whether unionized or union-free, would have been forced to impose restrictive union work rules on employees and to



Gaylord Entertainment dropped plans to build a hotel and convention center, with up to 2000 rooms and

400,000 square feet of floor space, rather than acquiesce to Big Labor's union-only construction demand.

fill positions through discriminatory union hiring halls.

Worst of all, employees of nonunion firms would have been forced to pay union dues or fees, or be denied the opportunity to work on the project.

The SDCBCTC brass has no legal authority to force Gaylord to submit to a PLA.

But Bennett Westbrook, Gaylord's senior vice president for development, design and construction, expressed concern that as long as union officials remained adamantly committed to obtaining a union-only PLA they would wield their clout with California regulatory bodies to try to trip up the project.

Recent California history indicates this concern was very well grounded.

Bayfront Project Would Have Created 6500 Jobs

Economic development specialists across the country know that Gaylord builds plum properties that invariably render a community far more attractive for other commercial investment. Gaylord had proposed building a 2000-room hotel with more than 400,000 square feet of convention space. The project would have created roughly 6500 jobs, a large share of which would almost undoubtedly have been unionized even without a PLA.

But SDCBCTC bosses apparently decided that maintaining their PLA lock-grip on major construction projects in southern California was more

important than good jobs for their rank-and-file members.

Hence the union bosses' open threats to "aggressively interfere," as Mr. Westbrook put it in a letter explaining the company's decision to pull the plug, with the project as it dealt with regulatory hurdles, which would surely have caused delays and jacked up costs.

"Our decision to cease work on this project now, as opposed to months from now, stems in part from our unwillingness to continue to spend our shareholders' capital on a project that is sure to be mired in litigation and delays," Mr. Bennett explained.

Gaylord has announced it will scout other possible sites for a hotel-convention center investment.

"Nearly four years ago, Hollywood star Arnold Schwarzenegger helped engineer the recall of Big Labor Gov. Gray Davis and was elected as California governor himself on a platform of reviving the state's private economy," recalled Matthew Leen, vice president of the National Right to Work Committee.

"But today the state's employees and businesses are still being victimized by rapacious union bosses.

"To turn California around will require genuine and far-reaching reform: enactment of a state Right to Work law. Accomplishing this reform will be a long and difficult battle. But the creative and independent-minded employees across the state deserve nothing less."

CREDIT: WWW.SKYSCRAPER.CITY.COM