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THE BURNING OF
RICHMOND

By Marty Morgenstern

Local 315 of the International Brotherhood of Teamsters, Chauffeurs and Warehousemen, AFL-CIO, is located in Martinez, California and has about 3,000 members. But not for long. Over a third of the members are, or were, employed at the Safeway warehouse facility in neighboring Richmond, California. Most of the warehouse workers liked working in Richmond, a San Francisco-Bay Area working class city with a large minority population, and most regard the \$11 to \$16 an hour they earn at Safeway as good pay. Local 315 leaders believe that their contract is perhaps the best Teamster-Safeway contract in the nation: good health and welfare benefits, job protections and work rules. Turnover is low—most workers at the facility have been there for over 12 years, many over 20. But all that is changing, and not for the better, at least not from the workers' or the community's viewpoint.

On July 11, 1988, a fire destroyed about half of the Richmond warehouse facility. At first, Ysidro Madrigal, a 56-year-old Safeway worker with 18 years on the job, was not alarmed. "I thought it was a matter of days," he said, "the company would rent another warehouse and we'd be back to work. I never thought they would leave us without a job." If most of the employees shared this attitude, they received a rude and rapid awakening. On July 12, 1988, just one day after the fire, Safeway sent the following letter to about 650 of their people. They didn't waste words.

Dear Grocery Warehouse Employee:

Pursuant to the provisions of the Collective Bargain-

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ing Agreement, you are hereby given notice that you are layed [sic] off from Safeway Stores, Inc. effective immediately until further notice.

Sincerely,

Safeway Stores, Inc.

Soon thereafter, all those who received the letter were called in by Safeway for a status report. They didn't get much news, but their electronic gate passes were collected. "They were afraid we might try to come back to work," said Ysidro with a forced smile. In fact, eight months later, few have received any "further notice," at least 550 warehouse workers and drivers, including Ysidro despite his 18 years of seniority, remain laid-off.

On January 21, 1989, Safeway announced that it would not rebuild in Richmond; they plan to take their business elsewhere. This not only leaves the workers now on lay-off permanently burned out of a job, it means that the six hundred plus employees still working in the undamaged buildings also face displacement as soon as Safeway relocates. (One day before announcing their plan to abandon Richmond, the company made a conditional land purchase in the rural Central Valley city of Tracy.)

Who Loses?

The workers are not the only losers. The city of Richmond has a high unemployment rate and one of the lowest per capita income levels, and lowest tax bases, in the Bay Area. The city has more than its share of slums, ghettos and minorities who need help. Marilyn Moore of Turn On to America, an all volunteer organization that distributes thousands of pounds of donated food to people in places they have identified as the county's neediest, says that Richmond locations have always been at the top of their list. The city now faces a worsening of its problems as Safeway moves to greener central valley pastures.

Richmond Mayor George Livingston says he does not really know why Safeway pulled up stakes, "They were not the best citizens . . . they were like the guys who live next door and

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refuse to talk to you. They weren't losing money; we've seen the balance sheets." The mayor says that the city's large Black population guarantees that its unemployment rate will be worse than in places where the citizens do not have to deal with racism. He said that while efforts are being made for those out of work, the city and many of the workers who live there will suffer from Safeway's unexplained retreat from Richmond.

Local 315 stands to lose a third of its members and as a result, the local will have to reduce its staff. The loss of members and staff, and perhaps most importantly, the reason underlying the Safeway decision not to rebuild in Richmond—a negative attitude toward trucking and warehousing in the East Bay Area—will hurt the morale of the entire membership. For the national union, the IBT, another loss of members in its basic industry, to add to the many thousands of truckers and warehousemen it has lost since the trucking industry was deregulated, is not a happy event.

Safeway counts itself as a loser too. In a highly competitive industry, the ability to stock stores quickly and efficiently can cost business and—especially with \$4.2 billion in debt as a result of a leveraged buy-out in 1986—loss of business is not what the supermarket chain needs. But for Safeway, unlike the other parties here, relief appears close at hand.

They have managed to keep their stores adequately stocked, in part by requiring 15-hour days from drivers working out of the remaining Richmond buildings, and nearby warehouses in Sacramento and Fremont. (An anonymous Safeway executive allowed that it was possible that some workers put in 15-hour shifts, though regulations permit "only" 10 hours actually behind the wheel. He doubted this was happening often, but he wasn't sure.) The burned properties were fully insured and the Richmond land is worth about \$245,000 an acre, more than five times the cost in Tracy. Thus the relocation, if the company does indeed build elsewhere, will not only be cost-free, there should be a little left over to add to the \$44 million operating profit that Safeway is currently reporting.

The Union Fights Back

"Safeway has never given us a thing without a fight, why should they start now?" The speaker is Ron Teninty, President of Local 315. He is talking to the 50 former Richmond warehousemen who showed up at their weekly support meeting one recent Thursday evening. He is reporting on the union's efforts to guarantee them seniority hiring rights in the warehouses that are expected to replace Richmond in the Safeway supply network; existing facilities in Sacramento and Fremont, and the probable new location in Tracy. Ron's words are in response to a skeptical member who is wary of Safeway's intentions for the fire victims.

The right to follow the work to a new facility—extended call-back and transfer rights—is the major issue now being negotiated, but others are on the table. The major demand of

the union, rebuilding in Richmond, has already been ruled out by the company, but a number of grievances remain unsettled. The union has already won one week of severance pay for every year of work, but it is pushing hard to have a February 1, 1989 deadline for accepting severance reopened and extended until the workers have more information about their prospects for transfer.

The union also suspects that in moving the work around, Safeway will try to play each group of workers off against those in the other locations. To prevent this, and to generally improve the union's bargaining position, the Western Council of Teamsters has stepped into the negotiations with the intention of writing one master contract for all Northern California warehouses. Three local unions—439 in Fremont and 150 in Sacramento, along with 315—have seats on the negotiating committee.

Ron Teninty says that Safeway is acting as it always does, it is dealing with the union, but hanging tough on every issue—holding back on every grievance, big or little, to maintain maximum leverage for trade-offs. When Teninty talks about Safeway operates, it makes sense to listen up. He worked in the Richmond warehouse for 12 years and during that time served as a teamster shop steward. He was the business agent for eight more years before taking over as local president in 1987. Along the way he went through the labor studies program at Merritt College and then completed the leadership training program here at the U.C. Berkeley Labor Center.

The Laid-Off Workers

The union surveyed the laid-off workers and came up with the following statistics. They are 88% male and 54% minority (Black, 18%; Hispanic, 26%; American Indian, 4%; Asian, 4%). Seventy percent are currently married and 47% are over age 40. Most, 84%, attended high school; 23% went to college, with 8% getting an undergraduate degree. Thirty-four percent either accepted severance pay (8%), retired (11%) or got a transfer (15%), thus 66% still want their jobs back.

Ron Rhone, Darlene Ward, Syd Hadsell and Ysidro Madrigal are former warehousemen who now work for the Richmond Private Industry Council (PIC), an organization that receives federal and state funds to assist laid-off workers with counseling, skill training and job placements. Probably not by sheer coincidence, they constitute a representative cross-section of the displaced workforce. Darlene, white and the sole woman in this group, has 13 years of Safeway service. Ron, a Black, Ysidro, a Latino, and Syd, also white, have two, 15 and 10 years of seniority, respectively.

They got their temporary jobs because Local 315 recognized that the Richmond crisis required a response beyond traditional union tactics. The leadership moved quickly into the political arena to secure strong city council support for the laid-off workers. The task of the Teamsters at PIC is to encourage their

fellow employees to use the available services, and they have so far assisted about 250 Safeway workers who have registered with the PIC or dropped by without actually signing up for service. The groups also serve as a rallying point for community action in support of all the warehouse workers, those already on lay-off and those who still have the loss of their job to look forward to.

Spend some time at the Richmond PIC and the problems of displaced workers come across in human terms. On the morning they were interviewed for this article, one of the Safeway Four was called out to see a client. It was a man whose wife had cancer. The three to four months of extended health insurance payments that Local 315 had squeezed out of Safeway had, of course, long since expired. Under the recent COBRA amendments to federal law, he is guaranteed the right to continue his health insurance coverage, but at his own expense. However, as he is still out of work, he can't afford the \$333 monthly premium. Yet without health insurance, his wife can't afford to live.

Several of the people who have sought help have faced foreclosure on their houses. By hook or crook, some have been bailed out. One foreclosure was recently avoided until a buyer could be found, and something salvaged for the family. Others were less lucky, at least a few homes have been lost.

Many of the workers who come in have yet to find new jobs, others are working. Three are now doing maintenance work for the Richmond Unified School District. As new, probationary workers, they are lucky to make half what an experienced warehouse worker earns. Starting over hurts, but at least they have a paycheck and health benefits. Most of those who have gone to non-union service jobs, or throwing paper routes, have even less in pay and nothing in benefits. PIC directs many people to food and pantry banks, and to the Volunteers Turn On America, which provided food, clothing and Christmas trees to many.

Darlene Ward, the woman at PIC, has what the company likes to call a Safeway romance. She met her husband, Charley, at work, and five years ago they got married. Like four or five other couples in the same situation, first they worked together, then they got laid-off together. Though Charley is an experienced worker with many skills and 23 years of seniority at the warehouse, he still hasn't found steady work. With the relocation and transfer issues unsettled, many employers, including Safeway store managers, are reported to be reluctant to hire and train anyone who might be called back to their former job.

Still Darlene considers herself lucky, her kids are grown: "If this had come when I was a single mother, it would have been worse. One thing about this [the warehouse] job, a single worker can get by and raise a family. It's like non-union, you have something. When you get laid off you try to hang onto what you have, but you can't. When you get down to nothing,

lose the house and everything, then you can get Section 8 housing and food stamps and stay alive on \$5 an hour. It's a slow steady fall downhill, but it's much worse for the ones with little children or putting kids through school." The Plant Closure Project, another organization working with the laid-off workers, says 70% of them have families to support.

The Plant Closure Project

In response to basic industry closures throughout the nation, and taking special inspiration from the involvement of the religious community in the Youngstown Steel struggle, the Plant Closure Project of Oakland was formed in 1981. Located in the Catholic Charities building, it gets support from church groups, labor (all nine Bay Area Central Labor bodies), community members, several foundations and many local elected officials. The Project opposes closures, large lay-offs and the contracting out of public sector jobs and services. It sponsors or supports "fight back" campaigns—like the one being conducted in Richmond—and worker protection legislation, and it engages in efforts to educate the public on the impact of job threatening actions by industry.

Syd Hadsell of PIC said of his clients that "few if any are doing as well as before the lay-off." Leanna Noble of Plant Closures supplies Bureau of Labor Statistics figures that supports this conclusion on a national basis. A 1985 survey of 5.1 million workers laid off in the early 1980s shows one-third were still unemployed. Of the two-thirds (3.4 million) working, 44% took a pay cut and an astonishing 60% did not have health insurance coverage in their new jobs.

An Honest Deal

Armed with these facts and many more, and prepared in 18 years of community organizing efforts, Noble helped Local 315 and community groups organize The Honest Deal Coalition. This remarkable broad-based group is putting pressure on Safeway to deal fairly with all of the victims of the fire, including the many city residents who suffered property damage or illness. They have held countless meetings in churches, union halls and public auditoriums, and sponsored a demonstration that brought out the Mayor, most of the city council and hundreds of concerned citizens. Currently, the coalition is running a massive letter writing and phone calling effort designed to besiege Safeway officials with evidence of community support for the demands of the union and local residents.

The Plant Closure Project points out that mass lay-offs can have devastating results. Not just job, pension and benefits go. Workers also suffer physical and emotional stress that can result in family break-up, neglected or abused children, and an increase in illness, drug abuse and crime. There is hardly an end to the pain that can accompany job loss in our society. And when the lost jobs are concentrated in one area, many small local businesses—restaurants, pharmacies, cleaners, bank

branches—suffer and may even close. Schools lose their tax base, some of the community's oldest and most solid members are forced to move. Economists estimate that for every inside job lost when a large plant closes, three to four other jobs in the surrounding community are also abolished.

Why the Move

Why is Safeway management doing this to Richmond and its employees? They say the land will be cheaper and more plentiful in Tracy (or elsewhere in the Central Valley) and traffic problems fewer, all of which is probably quite true. They find these advantages outweigh the downsides of the move. Yet two years ago, when managers were themselves faced with lay-off in the form of a hostile takeover, they were motivated to move mountains to avert such an eventuality. They called upon the investment syndicate of Kohlberg, Kravits and Roberts (KKR) and these operators came quickly to management's rescue. In a friendly leveraged buy-out (LBO), they awarded the hostile Dart Company \$150 million in green-mail (to get them to back-off), paid \$10 million to their lawyers and took \$60 million—and control of the company—for their own efforts.

All this required \$4.2 billion in new debt (in a leveraged buyout, one borrows money, at high interest, by putting the purchased company up as collateral). To reduce this debt, a thousand stores were sold off, and with the stores, 30,000 store employees went out the corporate door. (This according to Jim Hightower in the *New York Times*, 6/21/87, but the Teamsters say that when distribution workers are considered, the number of Safeway workers displaced is closer to 40,000.) Though their operation is now smaller, Safeway hasn't reported the loss of a single vice president, nor were wages at the top diminished.

A call to Safeway's executive offices in Oakland resulted in a conversation with an executive who asked to remain anonymous because "I'm not supposed to talk to anyone, but I don't want people to get a totally wrong picture." He doubted that 30,000 (no less 40,000) lay-offs resulted from the LBO, but acknowledged that "We did get rid of many jobs, the figure was high but I doubt it was that high." He said that the people were probably working for the new store owners, but acknowledged that this was speculation because it was not a condition of many sales, and that even where it was, the workers probab-

ly lost union representation rights, and even more probably, they took pay cuts also. As for any Safeway responsibility to the warehouse workers, he said that the company can't pay people when it has nothing for them to do and "We've negotiated the most generous severance package we've ever negotiated."

The Safeway executive acknowledged that the company had an operating profit, but not necessarily a profit after debt service. He justified the lay-offs and divestitures as needed to pay off the new loans, an argument that has lead many, but apparently not Safeway management, to question the wisdom of LBOs and the debt they necessarily generate.

No matter whose facts or logic one accepts, the Safeway figures pale before KKR's most recent venture, the \$24.88 billion takeover of RJR Nabisco. According to the noted Harvard scholar Robert B. Reich, this deal generated a cool \$1 billion in fees. Professor Reich also tells us that the two principal partners of KKR, Henry R. Kravits and George R. Roberts, each earn about \$70 million a year. To put this number, 70 million, into perspective, consider that the maximum total payroll cost for all 1,200 workers who at one time worked at the warehouse (this assumes that all of the workers are or were at the top of the warehouse pay scales, and that the cost of employee benefits and payroll taxes at Safeway is a high 50% of pay) would only be \$60 million—\$10 million less than either KKR partner earns himself!

The workers know that Safeway has the right—from a strictly legal point of view—to move or sell off its properties, even if it means selling out the employees and communities that made the company and its managers rich. They argue, simply, that workers should have rights too, and that if the company insists on taking actions that harm them and their communities, it is reasonable and socially responsible to require the company to pay fair compensation to all the injured parties.

Safeway's employees say they are not looking for a hand-out. Rather, just as the people in the old Safeway ads, they feel they worked an honest day, and they, too, deserve an honest deal. The workers wonder why the company no longer uses that slogan—or follows that policy?

For more information about the efforts to assist the laid-off warehouse workers, one can call Leanna Noble at the Plant Closures Project, (415) 834-5656 or Ron Teninty at IBT Local 315, 228-2246.

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