



Managing McCormick Place Complex and Navy Pier

**For Immediate Release
January 11, 2010**

**Contact:
Mary Kay Marquisos
(312) 791-6237
Jon Kaplan
(312) 791-6319**

Governor and Mayor join MPEA in proposing sweeping legislation to put customers first at McCormick Place

Labor reforms, cost transparency and debt restructuring are critical for Chicago to compete for conventions and trade shows

CHICAGO – Illinois Governor Pat Quinn and Chicago Mayor Richard M. Daley joined officials of the Metropolitan Pier and Exposition Authority (MPEA) today in announcing plans for MPEA to introduce legislation in the Illinois General Assembly to reform labor rules and contractor practices that have hindered Chicago's ability to win and retain major convention and trade show business. Officials say these measures are needed to preserve jobs and allow Chicago to match its convention competition.

"This is a jobs bill," said John S. Gates, Jr., Chairman of MPEA. "By modernizing the work rules for a few hundred workers in one building, cutting management and increasing transparency, we can preserve and expand the 65,000 jobs that our industry supports."

Conventions and trade shows at McCormick Place are a vital economic resource for Illinois, generating more than 65,000 jobs and \$8 billion in economic impact for the state.

While new legislation is critical, other action undertaken by MPEA is also meant to better serve customers. MPEA is cutting costs by dramatically streamlining our internal operations. An early retirement program, along with further force reductions in 2010, will leave MPEA with more than 40 percent fewer employees than in 2007 (a reduction from 700 employees to approximately 400), despite the addition of new facilities. This reorganization is focused both on ensuring we have a talented pool of individuals who will provide excellent customer service, and on reducing our operational costs.

"This proposed legislation will be a major step in meeting the dual goals of making MPEA self-sustaining and ensuring the highest levels of customer satisfaction at McCormick Place," said Gates. "Time is of the essence. We need our stakeholders to step up in order to save jobs and put our customers first."

The legislation would establish MPEA as a public employer under the Illinois Public Labor Relations Act (IPLRA). This would allow MPEA to negotiate contracts with all "show labor," including workers employed by contractors, as well as prohibit strikes and provide MPEA with the authority to audit all contracts and agreements to ensure that employee costs are accurately represented and passed through to customers. Labor will have the recourse of binding arbitration, like other public employees.

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“Convention business in Chicago is at a crossroads. The many stakeholders in Chicago’s vitally important convention industry must do what it takes to stay competitive and provide better value to customers. The choice is clear. We can do what it takes, pass this legislation to modernize our business model, create new jobs and growth... or we can continue to operate at a competitive disadvantage and watch the steady decline of one of our state’s most important economic resources,” said Gates

The proposed legislation would have the following impact:

- Affirmatively establish that MPEA is a public employer under the IPLRA.
- Bring all “show labor” – contractor employees that perform duties related to the move-in, set-up, service, breakdown and move-out of shows – under the oversight of MPEA and covered by the IPLRA.
- Reduce the number of bargaining units and work jurisdictions. Currently, there are five unions representing MPEA and show employees: Teamsters Local 714, which handles work on the docks, moving freight and some machinery and “outside” forklift operations; the Riggers Local 136, moving all machinery, booth work involving machinery, and “inside” fork lift operations; the District Council of Carpenters, in charge of crating, assembly and carpeting; the Steelworkers Local 17 (Decorators) handling draping, skirting, signage and flooring; electricians represented by IBEW Local 134 work directly for MPEA. We must organize these bargaining units into three functional categories (units) to operate more efficiently and transparently for customers:
 1. Move-in/Move-out Unit: employees to handle dock work, moving all freight and machinery, booth work related to machinery.
 2. Assembly/Disassembly Unit: workers for crating, assembly, flooring, carpeting, draping, skirting and signage.
 3. IBEW Local 134 electricians unit.
- Free the MPEA from “area” bargaining agreements negotiated separately between contractors and show labor unions. The MPEA must have a clean slate to negotiate show labor agreements with new value, transparency and flexibility for the customer.
- Give MPEA substantial oversight of the methods, means and personnel by which operations are conducted, ending cumbersome and inefficient work rules that add costs, confound and infuriate customers. MPEA must have control over all work rules, which are now agreed upon between contractors and show labor unions.

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- Provide MPEA authority to audit contracts among show management, contractors and exhibitors to ensure that labor costs are accurately represented and appropriately “passed-through” to customers.

“We have the most skilled work force in the nation. Often times, our labor is used by venues in other cities. But, today, we all need to focus on customer satisfaction and value,” said Gates.

Labor reform is just one of the actions MPEA is taking to change its business model. The other key component is debt restructuring. Unlike its primary competitors in Las Vegas and Orlando, MPEA receives no operating subsidies. Las Vegas and Orlando receive government subsidies for their operating costs. Tax revenue received by MPEA is reserved exclusively to service capital debt from the construction of the new buildings. MPEA will seek General Assembly approval in 2010 to restructure capital expansion debt because of the impact of the recession on tax revenue generated by convention and tourism related spending. Convention business overall has declined by at least 20 percent nationally, including in Las Vegas and Orlando.

The decline in Authority tax collections after 9/11 has been exacerbated by the current economic crisis. This has resulted in a draw on the State sales taxes backing MPEA Expansion debt in FY 2009 and, if nothing is done, it is projected that such draws will continue for the foreseeable future. Restructuring MPEA’s debt is paramount in restoring the Authority’s financial strength and relieving a potential draw on State resources during a time when the State’s finances are strained. MPEA is asking to restructure existing debt to take advantage of lower interest rates. Restructuring MPEA’s debt is paramount in restoring the Authority’s financial strength as well as in relieving a potential draw on State resources during a time when the State’s finances are strained.

“There is much to be done to ensure Chicago’s status as a preeminent convention destination. It will require commitment and cooperation from all stakeholders. Bold legislation and a streamlined organization are important steps to ensure that customers come first,” said Gates.

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