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Dream Deal

Activists strike last-minute deal with film studio

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Photo by Slobodan Dimitrov Like a cliffhanger movie plot, a sudden reversal of fortune has resulted in a stunning victory for the Metropolitan Alliance, a grassroots economic-justice coalition, in its monthslong negotiations with the entertainment powerhouse DreamWorks SKG.



The idea was simple enough: DreamWorks SKG studios was slated to receive as much as \$70 million in public subsidies to help develop its new studio in the controversial Playa Vista jobs-and-apartment complex on the Westside. Metro Alliance organizers had been in talks with DreamWorks about a proposal to bring media-technology training academies to nine community-college campuses.

The talks stalled over the details: How much would DreamWorks kick in, and would they promise to hire academy graduates? But on May 12, the City Council, by unanimous vote, required DreamWorks to contribute to a Workforce Development Fund, and to work with Metro Alliance on deciding who gets awarded money, as a return on \$70 million in city subsidies. The job training is to be conducted through local community colleges.

The precedent-setting pact had come within inches of derailing entirely before it was finally concluded just a half-hour before a key council-committee vote on May 10.

The agreement is a first in L.A., and closely watched nationwide as an innovative approach to chronic urban ills and for winning specific compensation from a developer who is enjoying the fruits of substantial public largess. "I'm not aware of a development project that is as far-reaching as the DreamWorks agreement," says Leigh Dingerson of the Center for Community Change in Washington, D.C.

The last-minute deal culminates an organizing drive that began in 1997, when 21 L.A. organizations formed the Metropolitan Alliance to oppose Proposition 209, the initiative to ban state affirmative-action programs in California. The Alliance launched get-out-the-vote operations in 1,000 L.A. precincts and built coalition membership to 56 organizations.

After the election, disappointed activists met for a one-day retreat at Foshay Learning Center in South L.A. to decide how to continue the Metro Alliance's work. Discussions centered on the lack of connection between low-income communities and growth industries like the entertainment industry, and the Metro Alliance decided that DreamWorks, as the recipient of hefty city subsidies, should provide the bridge between the two.

Talks between the Alliance and the studio opened in November 1997, but stopped dead last January, shortly after the Metro Alliance presented DreamWorks with specific financial and hiring commitments. Alliance founder and negotiations point man Anthony Thigpenn was working to reopen talks early this month, when Councilwoman Ruth Galanter, whose 6th District includes DreamWorks, suddenly moved to send the subsidy vote to the City Council — without the job-creation provisions that the Alliance hoped to attach.

Galanter had already undercut the Metro Alliance plan in April when she joined with DreamWorks principal Jeffrey Katzenberg to announce an Entertainment Studies Curriculum for the L.A. Community College District. The program promised DreamWorks' help on film and TV curriculum development, but made no commitment to fund a training program — a gap the Metro Alliance viewed as critical.

Just days before the council subsidy discussion, a call to DreamWorks from Metro Alliance ally Councilman Mark Ridley-Thomas got the Alliance-DreamWorks talks moving again, and drop-dead, round-the-clock negotiations provided a breakthrough.

At the eleventh hour, the studio agreed to an employment-development fund proviso that was attached to a \$35 million city job-creation rebate for DreamWorks and development partner Playa Vista. DreamWorks' commitment to contribute to the fund will be written into a working development agreement, as will be the Metro Alliance's participation as a partner in decisions on the structure and administration of the fund. Representatives from the Los Angeles Community College District and from Galanter's office are also included. "The community will be part of the conversation," says Thigpenn.

The Metro Alliance sprint was paralleled by another set of furious, last-minute negotiations between the County Federation of Labor and the DreamWorks/Playa Vista developers. At issue in this instance: a neutrality agreement for service workers. "DreamWorks and Playa Vista together have agreed that for service work after construction they would either utilize union contractors or encourage a process to allow workers to freely choose unionization," Jon Barton, the Federation's director of organizing, said in a phone interview.

The County Fed took care to get the deal in writing, perhaps still smarting from the failure to do so at the downtown sports arena, where they had enthusiastically supported another \$70 million subsidy, based on a handshake deal for a union-friendly facility. Now, six months before the arena is slated to open, Staples Center developers have yet to put the commitment in writing.

Barton estimates post-construction jobs at DreamWorks/Playa Vista at 21,000, but is unsure what percentage includes the janitorial, security, maintenance, cafeteria and other service workers that will be covered by the deal. Barton says the signed labor agreement on the DreamWorks/Playa Vista mega-project shows the power the union movement has built in L.A.

The labor-Metro Alliance twofer marks L.A. as a national leader in what is called the growth-with-equity movement, starting with 1997's living-wage ordinance, arguably the strongest in the country. The Living Wage Coalition, which pushed that measure through the council, has since morphed into the Los Angeles Alliance for a New Economy (LAANE), the biggest activist and research center on the issue in the country.

Last year, Councilwoman Jackie Goldberg, who championed the living-wage ordinance, drove a hard bargain with developer TrizecHahn as a condition for \$90 million in public moneys for the Hollywood-and-Highland retail-and-theater complex. TrizecHahn has agreed to work with retail tenants to urge them to pay a living wage and to subsidize their health-insurance costs.

The Metro Alliance deal with DreamWorks further pushes the envelope by structuring a powerful role for a community organization into a big-money deal. Thigpenn says the tough bottom line grew out of a series of meetings with the Metro Alliance's community leadership, including some 70 activists who turned out on Mother's Day for an emergency meeting to discuss the suddenly scheduled council decisions.

DreamWorks' head of corporate communications, Andy Spahn, calls the deal "pretty tremendous." He won't directly speak to what brought DreamWorks back to the table, except to say, "All of us had an interest in reaching an agreement prior to the City Council deliberations, and our aims were the same."

Spahn admits that communication before the final talks, some of which was done through Galanter's office after the studio and Metro Alliance reached an impasse, was misinterpreted. "It was our understanding that they wanted an unrealistic cash contribution," Spahn says, impossible because of the costs of launching DreamWorks.

"Anthony Thigpenn told me that what they wanted was \$10 million earmarked for all nine [community college] campuses," Galanter says. It seemed unfair to her to demand that DreamWorks put up so much cash with pressing studio start-up costs just ahead. "I said I would be happy to tell DreamWorks that he wanted \$10 million, but I couldn't guarantee he'd get it."

The last round of meetings included only Spahn and Thigpenn, and left no room for misinterpretation. "DreamWorks was under the impression that in January we had presented an ultimatum — that if they didn't want to fund a \$10 million program, that was it," says Thigpenn.

He warned Spahn that "We have the capacity to make it very ugly for you," with high-profile street actions against the company. Spahn had no reason to doubt it — the Metro Alliance won a seat at the negotiating table with a pressure campaign that included a fusillade of mail and phone calls from well-placed allies. "We had to demonstrate that we are not just one of many groups, that we actually represent many residents in L.A."

Spahn and Thigpenn arrived at an agreement a half-hour before a May 10 Community Economic Development committee meeting that would send it on to the full council two days later.

DreamWorks, the Metro Alliance and other Workforce Development Fund participants have 120 days to work out details, including one that sets the specific amount of the DreamWorks contribution.