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## **Ralphs, Vons, Albertsons, union reach labor deal, avert strike**

**Negotiations between the grocery chains and the United Food and Commercial Workers intensify after a deadline passes. Union members are set to vote on the tentative three-year contract.**

By P.J. Huffstutter, Los Angeles Times

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In the end, Southern California's big three grocery chains and their unionized workers settled their labor fight because of this economic reality: Another strike would have severely damaged both sides.


On Monday, negotiators for Ralphs, Vons and Albertsons and the United Food and Commercial Workers reached a tentative deal, averting a strike that would have sent more than 54,000 workers across Southern California off the job.

After months of public posturing and private wrangling, the negotiations grew urgent Sunday evening after a key deadline passed, clearing the way for a labor stoppage at any time.

Both sides worked through Sunday night and well into Monday morning before announcing that a tentative three-year deal had been reached.

Details were not made public, pending ratification of the contract by union members, according to union officials and a statement from the grocery chains.


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Union members are expected to see a copy of the proposed deal in coming days and vote on it Friday and Saturday. The contract would be ratified if at least 50% of members plus one vote in favor, union officials said.

Ralphs, Vons and Albertsons said in a statement: "We are pleased to have reached a tentative settlement agreement with the union that continues to preserve good wages, secure pensions and access to quality, affordable healthcare — while allowing us to be competitive in the marketplace."

UFCW leaders said they too were pleased.

"The agreement protects grocery workers' jobs and healthcare, and keeps the employers profitable," said Rick Icaza, president of UFCW Local 770 in Los Angeles. "We think it shows that when workers stand up for ourselves, we can get things done and protect good jobs."

Sources from both sides said the once-glacial pace of negotiations sped up after last week's 72-hour notice by the UFCW to cancel its labor contract extension, a mandatory step before a walkout.

"We were dead serious," said Greg Conger, president of UFCW Local 324 in Orange County. "They were too. And then we all sat down and looked at each other and said, 'We better figure this out.'"

The contract covers an estimated 62,000 checkers, baggers, meat cutters and other grocery workers from Santa Maria to the Mexican border. They include employees of Ralphs, which is owned by Kroger Co. of Cincinnati; Vons and Pavilions, owned by Safeway Inc. of Pleasanton, Calif.; and Albertsons, which is owned by SuperValu Inc. of Eden Prairie, Minn.

The contract also covers employees at other retailers, including Stater Bros. Markets and Kroger's Food 4 Less, which are negotiating separate deals with the UFCW's locals.

The number of UFCW workers who would have walked out of Ralphs, Vons/Pavilions and Albertsons would have been an estimated 54,000, according to data provided by the three companies.

Workers young and old said they were relieved by the news, but some cautioned that they wanted to see the details of the deal before celebrating.

"It's hard to find a job out there. No one I know wanted to go on strike," said Cynthia Brambila, a single mother who works as a bakery clerk and checker at a Vons in Hollywood. "But what was offered for healthcare, for pay, for how many hours we would work, what we

were hearing [about the proposed contract] made a lot of people scared."

But so did the prospect of another labor stoppage. The 2003-04 strike and lockout lasted 141 days and left many union members with staggering debts. It reportedly cost the employers an estimated \$2 billion and gave competing grocery stores an opportunity to grab market share.

This time around, one sticking point was healthcare funding.

A key question, for the UFCW and the three employers, was how much each side would have to pay to ensure that a healthcare trust fund covering workers would be economically viable for the long term.

Under a recent offer from the employers, grocery workers would pay \$9 a week for individual coverage and \$23 a week for a family. (The numbers in the tentative deal have not been publicly disclosed.) The grocers had said these premiums were necessary to help offset rising medical costs.

Union officials, however, said that employees alone can't fund the increases needed to keep the trust fund healthy and pay for changes in benefits being offered. If the employees were going to have to pay more, they said, then so should the employers.

Ralphs, Vons and Albertsons are among at least two dozen companies that pay into the healthcare trust fund, which covers about 150,000 participants and their dependents in Southern California.

Although negotiations were tense, the talks dragged on in part because neither side wanted a strike. California's August unemployment rate was 12.1%, the second highest in the country, behind Nevada. As the economic recovery has stalled, some analysts worry that the U.S. is poised for a double-dip recession.

Ralphs, Vons/Pavilions and Albertsons combined have closed more than 160 stores since the last stoppage. For the unions, that has meant fewer jobs, a relatively high turnover rate and fewer hours for employees.

The companies are concerned about losing even more market share. In 2004, the three chains held nearly 60% of the Southern California grocery trade, according to the research firm Strategic Resource Group in New York. Now, they hold about 23%.

Competition is fierce, with farmers markets, discount shops, high-end specialty stores, small independents and big warehouse clubs eating into their business. Target Corp. is coming on strong: In Southern California, 140 of its stores now carry fresh groceries, a change that's happened in just 15 months.

Tesco, the British retail giant, announced this week that its Fresh & Easy stores in California, which had struggled financially, were seeing double-digit growth in same-store sales throughout 2011, said Burt P. Flickinger III, managing director of Strategic Resource Group.

A strike in the face of such competition is "a ticking time bomb waiting to blow up," Flickinger said. "The financial consequences of a strike would have been catastrophic for both sides."

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