

# CFEC Investigative Report: A Genuine California Union Conspiracy



**To: Victimized California Taxpayers and Ratepayers**

**Date: September 22, 2011**

## **A Genuine California Union Conspiracy: The California Building Trades Council's Ratepayer-Funded Political Slush Fund**

Recently, the San Francisco Examiner (September 16, 2011) included an opinion piece, "[Claims Against CCA Bill Unfounded](#)," submitted under the name of State Senator Mark Leno (D-San Francisco). This very carefully-crafted statement defends a provision in Leno's Senate Bill 790 that was exposed in an Examiner article dated September 11, "['Gut and Amend' Bills Help Fill Union Coffers](#)."

According to Senator Leno, "An anti-union construction industry organization opposed to project labor agreements is the source of Ms. Grimes' claims. They create a dust storm whenever this federal statute [the Labor-Management Cooperation Act of 1978] is even mentioned, for whatever purpose. But this fanciful theory, a fantasy about the implementation of my bill, has no basis in fact or law."

It's not a fantasy, Senator Leno. It's a genuine California union conspiracy. This scheme is complicated, but put the pieces together, and you'll see how California utility ratepayers fund a mysterious, unaccountable, massive union slush fund used for political purposes.

The [State Building and Construction Trades Council of California](#) (hereafter referred to as the California Building Trades Council) is the umbrella group for most of the state's construction trade unions and one of the most politically powerful organizations in California. The president of the California Building Trades Council, [Bob Balgenorth](#), is also [chairman](#) of an organization called [California Unions for Reliable Energy](#) and is also chairman of a mysterious organization called California Construction Industry Labor-Management Cooperative Trust.

Since the mid-1990s, California Unions for Reliable Energy (hereafter referred to as CURE) has retained the South San Francisco law firm of [Adams, Broadwell, Joseph & Cardozo](#) to intervene in the licensing process for power plants and other energy infrastructure projects at the [California Energy Commission](#). Under the direction of CURE, this law firm exploits the [California Environmental Quality Act \(CEQA\)](#) to slow down the permitting process for these projects using massive data requests, environmental objections, and court actions. For one of the many news articles over the past 15 years reporting on this practice, please read the February 5, 2011 Los Angeles Times article "[Labor Coalition's Tactics on Renewable Energy Projects Are Criticized.](#)"

When the developer of a proposed energy facility surrenders to the extortion and agrees to force its contractors to sign a costly, anti-competitive union contract called a [Project Labor Agreement \(PLA\)](#) with the California Building Trades Council or its affiliated regional trades councils, CURE's environmental concerns fade away and the project moves forward toward likely approval by the California Energy Commission. This environmental permit extortion against public and private developers using CEQA is often called "[greenmail](#)" by its detractors.

Within these PLAs that energy infrastructure developers sign with construction trade unions is a provision that establishes a specific mechanism for a payment or payments to the California Construction Industry Labor-Management Cooperative Trust. Sometimes the payment comes from contractors and sometimes directly from the energy infrastructure developer.

Now, what is the California Construction Industry Labor-Management Cooperative Trust, and how does it spend the money it extorts from energy infrastructure developers through payments required in PLAs?

This trust fund is authorized by an obscure federal law signed by President Jimmy Carter as the [Labor-Management Cooperation Act of 1978](#). That law was meant to create a formal legal structure for corporate leaders and union leaders to try to improve acrimonious relationships that imperiled the continued existence of an industry (primarily manufacturing) in a local community. Regulations were never promulgated for these committees, and no reporting requirements from the committees to the federal [Office of Labor-Management Standards](#) were ever established. The purpose of these committees in federal law was defined broadly and vaguely.

These are all recipes for abuse and exploitation. In California, it has resulted in a mysterious, unaccountable, massive union slush fund used for political purposes.

According to its Form 990s filed with the Internal Revenue Service (IRS), the California Construction Industry Labor-Management

Cooperative Trust had more than \$3 million in the bank as of May 31, 2010. It was established in 2007 with more than \$2 million in funding deposited from another unidentified trust. Previous to 2007, payments in Project Labor Agreements went to an organization called the State Building & Construction Trades Council Labor Management Cooperation Trust, so it is possible that the funding for the new trust fund was transferred from that old trust fund. In fact, Section 14 of the Project Labor Agreement that the [Palmdale City Council](#) approved for its [municipal solar hybrid power plant](#) on February 4, 2009 on a 5-0 vote (to avoid CURE's costly delaying tactics) still required a payment of \$150,000 to the State Building & Construction Trades Council Labor-Management Cooperation Trust or its designee.

The California Construction Industry Labor-Management Cooperative Trust [contributed \\$250,000 in 2008](#) to the campaign against Proposition 98, a statewide ballot measure to protect private property rights. It also made a [late expenditure contribution of \\$50,000 in June 2010](#) to a campaign opposing a ballot measure in the City of Chula Vista that enacted an ordinance to prohibit the city from entering into contracts that require construction companies to sign Project Labor Agreements with unions. In addition, its apparent predecessor, the State Building & Construction Trades Council Labor Management Cooperation Trust, [contributed \\$1 million in 2006](#) to the campaign against Proposition 90, another statewide ballot measure to protect private property rights.

In August 2011, it [mailed a letter](#) on California Construction Industry Labor-Management Cooperative Trust letterhead to all California local elected officials promoting government mandates for construction contractors to sign PLAs.

It contributed \$150,000 in 2008-2009, \$180,000 in 2009-2010, and [\\$450,000 in 2010-11](#) to establish and maintain the [California Construction Academy](#) at the [UCLA Center for Labor Research and Education](#) (an operation of the biased multi-campus propaganda operation known as the [University of California Miguel Contreras Labor Program](#)). In fact, the [founding and current Academy Director is David Sickler](#), former Southern California Regional Director of the California Building Trades Council and a mayoral appointee on the City of Los Angeles Board of Public Works when it approved a series of PLAs and other union-backed policies for city construction projects during the 2000s.

The UC Labor Program, funded from 2000-2008 with \$37.4 million of direct taxpayer-funded appropriations in state budgets, produces phony studies and reports for unions under the University of California name. On September 8, [State Superintendent of Public Instruction Tom Torlakson](#) sent [a letter to local education officials throughout the state](#) urging them to review a report on PLAs prepared by - you guessed it - the UCLA Center for Labor Research and Education's California Construction Academy.

See how everything is connected?

No one would have known or cared except for a miscalculation made by the California Building Trades Council. On November 2, 2009, the board of commissioners for the obscure but well-funded Roseville-based [Northern California Power Agency](#) (a conglomerate of publicly-owned utilities) [voted 9-2 with 4 abstentions and 5 absences](#) on its second try for a Project Labor Agreement on the construction of a power plant in Lodi. The original PLA, rejected by the board of commissioners two weeks earlier, contained a \$150,000 direct payment of ratepayer funds from the Northern California Power Agency to the California Construction Industry Labor-Management Cooperative Trust. Some commissioners changed their votes in part because the payoff was reduced to \$90,000 in the second version of the PLA.

After a [\\$90,000 check was sent via overnight mail on August 17, 2010](#) from the Northern California Power Agency to Bob Balgenorth at the headquarters of the California Building Trades Council, it received some limited public attention, as representatives for CURE and the California Building Trades Council could not get their story straight on the purpose and activities of the California Construction Industry Labor-Management Cooperative Trust, the lucky endorsee for that \$90,000 payment. Perhaps this limited public exposure was the catalyst to lead a representative of Adams, Broadwell, Joseph & Cardozo (the law firm representing CURE) and a lobbyist for construction trade unions to ask State Senator [Mark Leno](#) (D-San Francisco) to tack two sentences onto the end of his unrelated bill ([Senate Bill 790](#)) regarding community choice aggregation for electric consumers.

The sentences, applying to a huge section of the complex California Public Utilities Code, read as follows: "Nothing in this division prohibits payments pursuant to an agreement authorized by the National Labor Relations Act (29 U.S.C. Sec. 151 et seq.), or payments permitted by the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Secs. 173, 175a, and 186). Nothing in this division restricts any use permitted by federal law of money paid pursuant to these acts."

As a reader who has managed to follow the money trail to this point, you can understand how busy legislators and their staff analysts would be perplexed about what this strange provision means or what it is intended to do. It allows the [California Public Utilities Commission](#) to consider the \$90,000 payment from the Northern California Power Agency to the California Construction Industry Labor-Management Cooperative Trust as a legitimate cost that can be passed through to ratepayers on their electric bills. It also allows public utilities to pass through to ratepayers the cost of any future payments in Project Labor Agreements to the California Construction Industry Labor-Management Cooperative Trust or other funds authorized under the federal Labor-Management Cooperation Act of 1978.

Only in the last week of the 2011 legislative session did some members of the legislature realize the scheme behind this arcane provision added to an otherwise uncontroversial bill. Assembly Member Shannon Grove (R-Bakersfield) caused a stir on the Assembly floor (see video post for "[SB 790 \(Leno\) Exchange regarding a controversial provision included in the bill](#)") when she attempted to present documents connecting the dots of this conspiracy, but was denied permission by the presiding legislator. Nonetheless, Senate Bill 790 was still approved by a majority in the Assembly and Senate and sent to Governor Jerry Brown for his signature or veto.

It's complicated. It's all connected. And it's all funded by YOU, the hapless taxpayer and ratepayer.

**OUTRAGED? ACTION ITEMS FOR YOU:**

**1. Send Governor Jerry Brown a fax (or an email) asking him to veto Senate Bill 790:**

The Honorable Jerry Brown  
Governor of California  
c/o State Capitol, Suite 1173  
Sacramento, CA 95814  
Fax: (916) 558-3160  
Email: <http://govnews.ca.gov/gov39mail/mail.php>

**2. Thank Assembly Member Shannon Grove for speaking out on the Senate Bill 790 conspiracy:**

The Honorable Shannon Grove  
California State Assembly  
State Capitol, Room 3098  
Sacramento, CA 95814  
Fax: 916-319-2132  
Email: <http://www.arc.asm.ca.gov/member/32/?p=email>

**3. See more coverage of this issue at these two links:**

[Legislation Boosts Union Trust Fund - www.CalWatchdog.com](#) -  
September 8, 2011

[Union Fund Gets \\$90,000 through Project Labor Agreement with Northern California Utility and Then Gives \\$50,000 to Campaign Against Chula Vista Ballot Measure - www.theTruthaboutPLAs.com](#) -  
November 19, 2010

**Adjunct Conspiracy: How Did the California Building Trades Council Fund Its Advertising on Conservative Talk Radio Warning of Identity Theft from Signing Petitions for Ballot Measures?**

You may remember that a group called [Californians Against Identity Theft and Ballot Fraud, Supported by Labor Organizations](#) sponsored advertising on conservative talk radio stations in Sacramento and in Southern California during the summer of 2011. These advertisements warned listeners that their identities could be stolen if they signed petitions to place measures on the ballot. While these advertisements were airing, groups were collecting signatures for various state and local ballot measures, including Fair and Open Competition proposals to prohibit the City of San Diego and the City of Sacramento and County of Sacramento from requiring contractors to sign Project Labor Agreements.

On August 2, 2011, the organization filed its [Form 410 Statement of Organization Recipient Committee](#) with the California Secretary of State, indicating that the committee sponsors were the California Building Trades Council and the California State Pipe Trades Council. Principal officers of the organization were Bob Balgenorth, Bretton McFetridge, and Treasurer Tom Adams of the law firm of Adams, Broadwell, Joseph & Cardozo. This phony union front group also released its [August 3, 2011 letter](#) to the California Fair Political Practices Commission defending their foul scheme.

Where did the money come from for this summer surprise? Any guesses?