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Supervisor Hillary Ronen
San Francisco Board of Supervisors
City Hall
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October 31, 2018

Dear Supervisor Ronen,

Thank you for your letter of October 26 and your invitation to attend this week's San Francisco Board of Supervisors meeting. Unfortunately, I am not able to be with you, but wanted to share some thoughts on the labor situation.

First, I thought it might be helpful to provide some numbers: Marriott International currently has 38 hotels in San Francisco – 19 that are managed by the company and 19 that are franchised. Seven of the hotels in our San Francisco portfolio are party to collective bargaining agreements with Unite Here Local 2, covering just under 2,500 associates. These hotels include the iconic Palace Hotel and St. Regis San Francisco, The Westin St Francis, the San Francisco Marriott Marquis and the W San Francisco among others. Overall, the company employs about 4,000 associates at our company-managed locations in San Francisco. This does not include employees who staff Marriott-branded properties in the city that are owned by our franchisees.

I deeply appreciate your recognition of the importance of hospitality as an economic driver for our nation and particularly for destinations like San Francisco. According to the San Francisco Travel Association, in 2016, San Francisco hosted more than 25.2 million visitors who spent \$9 billion during their stay. Marriott is proud to be a part of that economic engine for San Francisco and the Bay area.

As it relates to the strikes that are currently taking place at seven Marriott properties in San Francisco, the union has attempted to portray Marriott as a company that has both disregarded its bargaining obligations and denied its employees fair wages and benefits. That could not be further from the truth. Although we have generally stayed silent, opting not to negotiate with Unite Here Local 2 in the press or on social media, please don't interpret this silence as confirmation of the union's claims. Marriott has long history of bargaining in good faith and reaching fair labor settlements with all of its associates' bargaining representatives, including Unite Here Local 2, here in San Francisco.

The company has been negotiating with Local 2 for a new labor contract for our San Francisco union properties since June. We hoped to reach an agreement months ago. Unfortunately, the union seemed more interested in participating in a long planned, multi-city, 23-hotel strike against Marriott, than they were in engaging in any meaningful negotiations. Indeed, it is obvious that Unite Here made a broader decision to attempt to take advantage of an extraordinary number of expiring labor contracts with

Marriott to seek unprecedented changes in these contracts. The strike that has encompassed eight cities, including San Francisco, was not the result of a bargaining impasse in any city, but rather, it seems, part of the union's bargaining strategy from the outset. In many instances, the local union called a strike without ever moving off of its initial economic proposal. In the case of Local 2, the union actually increased its economic demands, two months after making its initial proposal, when it added a \$300 per month transportation allowance for all employees, holding our hotel owners accountable for the planned renovation of the BART and the resulting impact of that renovation on commuting workers.

To put our employees' compensation in perspective, our housekeepers make \$23.49 per hour and a full-time banquet server earns close to \$100.00 per hour. Most of the Local 2-represented Marriott employees receive another \$15 an hour in benefits, including free medical coverage for associates, \$10 per month family medical coverage, medical coverage for retirees and their spouses, a pension fund, a legal fund, a child care/elder care fund, and an education fund, as well as ample paid time off. The union's current demands include average annual increases to the current wage and benefits package that are more than double the amount of the increases that were agreed to in the 2013-2018 collective bargaining agreement. Under the union's current proposal, for example, the hotel's wage and benefit costs for a full-time housekeeper would reach \$100,000 in the third year of the contract.

The parties continue to negotiate and have already reached tentative agreements with the union to address important worker safety issues and pregnancy accommodations. And Marriott has made a proposal to address the union's concerns over the introduction of new technology.

It must also be noted that Unite Here is interested in growing its membership at our non-union hotels. This includes Local 2's stated interest in two non-union Marriott properties in San Francisco. To this end, the Union is pressing Marriott to agree to an alternative to the federal government's secret ballot election process. While Marriott has long respected our associates' rights to choose whether or not to be represented by a labor union, we also strongly believe that our associates should have full information when making such decisions and we are opposed to any process that would deny our associates the freedom to have a fair voting process. Additionally, the union is interested in growing at hotels that are owned by third party owners, not Marriott, and those owners have views about the organization of their hotels that must be respected.

Marriott has a nine-decade legacy of doing right by our associates, and we are committed to continue to bargain in good faith for a contract that is fair to all parties.

A handwritten signature in black ink, appearing to read "Arne Sorenson". The signature is fluid and cursive, with a large initial "A" and "S".

Arne Sorenson
President and Chief Executive Officer