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Date: 9/23/14

Submitted in Econ. Dev. Committee

Council File No: 14-0223

Item No.: 1

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September 23, 2014

The Honorable City Council of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, CA

Re: Council File No. 12-0223

Dear Honorable Councilmembers:

We represent a coalition of trade organizations and business advocacy groups that includes the California Hotel & Lodging Association, the Hotel Association of Los Angeles, the Los Angeles Chamber of Commerce, the Central City Association of Los Angeles, and the Valley Industry & Commerce Association.

The process being used to pass the Citywide Hotel Worker Minimum Wage Ordinance¹ (Proposed Ordinance) violates the explicit language of the existing Airport Hospitality Enhancement Zone Ordinance² (Existing Ordinance). The failure to comply with the process explicitly set forth in the Existing Ordinance violates the understandings and consensus underpinning the passage of the Existing Ordinance.

The Existing Ordinance requires that organized labor and business groups be afforded a process through which everyone's voice may be heard and economic facts be obtained and discussed before the City Council may extend the living wage requirement beyond the Airport Hospitality Enhancement Zone. The Existing Ordinance also contains extensive findings regarding the difference between the hotels regulated by that ordinance and other hotels and businesses that are not subject to its living wage provisions.

The City has made specific promises regarding the process to be used before the living wage could be expanded beyond the Airport Hospitality Enhancement Zone, and those promises are memorialized in the Existing Ordinance. Members of the Coalition have relied on those specific promises and have a vested right in the City conforming the process used to pass the Proposed Ordinance to the promises memorialized in the Existing Ordinance. In addition, procedural due process rights may have accrued with regard to the process required by the Existing Ordinance.

Moreover, the Proposed Ordinance discriminates between types and sizes of businesses without a sufficiently articulated rational basis – which could jeopardize the substantive due

¹ Council File No. 14-0223, to be codified by adding Article 6 to Chapter XVII of the Los Angeles Municipal Code (LAMC).

² Ordinance No. 178432, codified at Article 4 of Chapter X of the LAMC.



process rights and equal protection rights of members of the Coalition. Further, because the Proposed Ordinance has a stated objective of subjecting hotels that are more likely to be part of "international, national or regional chains" to more costly wage requirements than other hotels and because the cost to interstate visitors to Los Angeles will likely be increased, the Proposed Ordinance may have an impermissible effect on interstate commerce.

Consequently, as it is currently drafted and being processed, the Proposed Ordinance not only violates the City's commitment to procedural fairness and the consensus between labor and business set forth in the Existing Ordinance, it appears to violate constitutionally guaranteed rights and create legal causes of action.

Finally, it is our understanding that as of late afternoon yesterday, the City has received written reports prepared by a panel of three economists in possible conformance with the Existing Ordinance (Required Economic Reports). In order to maximize political participation, keep the City's commitments to the business community and minimize the risk of legal action, we respectfully request the following:

- All stakeholders should be allowed time to review the Required Economic Reports before the City Council holds its first hearing regarding the Proposed Ordinance.
- In accordance with the Existing Ordinance, the City Council should hold an initial hearing in which it hears public comment, but does not vote on the Proposed Ordinance; then, after at least two weeks have elapsed, the City Council may hold a second hearing in which a vote is taken.
- The Proposed Ordinance should include findings that comply with the requirements of the Existing Ordinance and provide a reasonable basis to discriminate between the various sizes of hotels and other businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Rohrer", with a long horizontal flourish extending to the right.

Paul Rohrer
Partner

cc: Honorable Eric Garcetti
Mike Feuer, Esq.