



March 11, 2014

Honorable Curren Price
Los Angeles City Council
200 N. Spring Street, 4th Floor
Los Angeles, CA 90012

Dear Councilmember Price:

I'm writing on behalf of the Hotel Association of Los Angeles, which includes more than 135 hotels and affiliates throughout the Los Angeles area. We are writing to reiterate our concerns regarding the proposal to raise the minimum wage for hotel workers in Los Angeles to \$15.37 per hour – nearly double the current minimum wage in California. We also want to be sure that you saw the recent editorials in both the Los Angeles Times and the Los Angeles Daily News in which the respective newspapers expressed their strong opposition to the current proposal that is pending in City Council.

The Hotel Industry in Los Angeles contributed \$179 million in Transient Occupancy Tax (TOT) to the City of Los Angeles in the 2012-13 Fiscal Year. In 2013, Los Angeles experienced a record breaking 42.2 million visitors, bringing \$16.5 billion in direct spending and \$30.5 billion in total economic benefits to the City along with 324,000 jobs throughout the County.

The Hotel Industry plays an integral role in tourism in Los Angeles. We provide quality jobs, good wages, and we contribute millions of dollars to the City's General Fund each year. Our concern with the living wage proposal is that it unfairly targets just one industry, the Hotel Industry, without knowing what the possible unintended consequences will be for the Los Angeles economy as a whole.

The Los Angeles Times Editorial dated March 10 states:

"The proposal taking shape in City Hall to raise hotel workers' wages to \$15.37 an hour is not the right way to go about it (lifting people out of poverty)."

"Their proposal unjustifiably singles out one industry... That's not sound economic policy."

"The 64 hotels that would be affected by the new proposal have sought nothing nor received anything special from the city."

"Would the higher wage for hotel workers lead to a loss of jobs or deter investment in new hotels in the city? Would it harm L.A. by offering a competitive advantage to hotels located just outside the city?"

"If the City Council and Mayor Eric Garcetti are serious about raising all boats, they should dedicate their energy to policies that help the many instead of the few."

The Los Angeles Daily News Editorial dated March 5, 2014 states:

"An L.A. only increase risks undercutting the city's effort to fix its business-unfriendly image."

"Perhaps it would be more useful for the City Council to put its influence and its momentum behind campaigns for bigger increases throughout California."

"Caruso is right when he says that if you believe in raising the minimum wage, you should be for raising it for as many people as possible, not one industry at a time in one town at a time."

The Hotel Association of Los Angeles wholeheartedly agrees with the concerns that both the Los Angeles Times and the Los Angeles Daily News have put forth.

Our Association is concerned with the impact that this proposal will have on current and future employment in Los Angeles hotels. We believe that Los Angeles will be at a competitive disadvantage with our surrounding cities and that new hotel developments will be discouraged from coming to Los Angeles – at a time when the Tourism and Visitors Board has stated that we need 4,000 new hotel rooms in the City to attract new conventions and accommodate our growth in tourism.

We are encouraged that the City Council's Economic Development Committee has asked that a comprehensive economic impact study be performed before any action is taken to nearly double the minimum wage for certain hotels in Los Angeles. We continue to ask for a fair, impartial, and comprehensive study that addresses all of the concerns that have been put forth by our Association, the LA Times and the Daily News, and the greater Los Angeles business community.

We thank you for your careful consideration of our concerns and we look forward to continuing our dialogue in the days to come.

Sincerely,



Bob Amano

Executive Director

Hotel Association of Los Angeles

LA Daily News (<http://www.dailynews.com>)

L.A. should consider other ways to push living wage: Editorial



As momentum builds for a minimum-wage increase, Los Angeles' leaders should keep this in mind: It's possible to support the living-wage movement but oppose raising pay for only one city or one industry.

Right now the City Council is looking at a proposal by members Mike Bonin, Nury Martinez and Curren Price Jr. to raise the minimum wage to \$15.37 an hour for workers at L.A.'s big hotels. That figure, pegged to the minimum the city

already imposes for L.A. International Airport employees, would be well above the state's current \$8 bottom wage and the nation's current \$7.25. The council has ordered a study of such a move's potential economic benefits and drawbacks, a healthy sign that it isn't going to rush into this.

Meanwhile, something happened last week that gave living-wage proponents encouragement — but also should make them think twice about their approach.

Philanthropist Eli Broad and shopping-mall developer Rick Caruso, who might not ordinarily be expected to take the side of workers, have voiced support for a higher minimum wage, telling the Los Angeles Times it would turn out to be good for business by putting more money into the economy.

But both billionaires advocated taking the proposal beyond the current City Council proposal, which would target approximately 11,000 employees at 87 hotels with more than 100 rooms. Broad would like to see a gradual increase to \$15 an hour applied to all workers in Los Angeles. Caruso would prefer a \$12 to \$15 minimum not just in the city but statewide or nationally.

Caruso is right when he says that if you believe in raising the minimum wage, you should be for raising it for as many people as possible, not one industry at a time in one town at a time.

An L.A.-only increase risks undercutting the city's effort to fix its business-unfriendly image, a drive that includes Mayor Eric Garcetti's wish to phase out the onerous gross-receipts business tax.

Perhaps it would be more useful for the City Council to put its influence and its momentum behind campaigns for bigger increases throughout California, where it is now scheduled to rise to \$9 in July and \$10 in 2016, or the United States, where President Obama and Democrats in Congress are pushing for \$10.10.

That's the debate the council should be having about the minimum wage — as broad a debate as possible. Ironically, a general wage hike might draw support from many opponents of the hotel-workers wage hike. It would fuel less suspicion than the hotels-only hike, which would target only non-union hotels, helping labor organizers by giving hotel owners incentive to sign union contracts.

The minimum-wage debate always revolves around whether the benefits of an increase outweigh the costs: How much would it help low-income workers, many of whom need more than one-wage job to make ends meet, and help the economy by spurring spending? How much would it burden business owners and, in the end, backfire on some workers by prompting workforce reductions?

The City Council is correct to seek the answers to those questions as they pertain to L.A. But council members also should be asking if focusing on L.A., and specifically its major hotels, is the best way to attack the issue.

URL: <http://www.dailynews.com/opinion/20140305/la-should-consider-other-ways-to-push-living-wage-editorial>

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LOS ANGELES TIMES

Los Angeles City Councilmen Mike Bonin, left, and Curran Price Jr. are seen speaking last month outside City Hall about their proposal to raise the minimum wage for some L.A. hotel workers to about \$15 an hour.

BY THE TIMES EDITORIAL BOARD

March 10, 2014, 12:00 a.m.

Income inequality, persistent poverty and the lack of economic mobility are not only some of the most salient political issues of 2014 but are fundamental challenges that affect the prosperity of the country and the stability of our communities. About 25% of families with children in the city of Los Angeles live in poverty, according to the Census Bureau. And even many people whose earnings exceed the federal poverty line struggle to make ends meet. Nearly half of all workers in Los Angeles earn less than \$15 an hour, which some advocates for the poor believe is the minimum necessary to afford basic housing, food and transporta-

tion.

The fact that so many Angelenos live on so little has profound impacts. Many parents work two jobs, leaving them less time to be involved in their children's lives and education. Many live in substandard housing or have no savings, meaning they are just one setback from bankruptcy or homelessness. Bad schools, substandard healthcare, teenage pregnancies and other factors leave many stuck in a cycle of poverty that persists from one generation to the next.

Creating policies that help lift people out of poverty should be one of government's top priorities. Nevertheless, the proposal taking shape in City Hall to raise hotel workers' wages to \$15.37 an hour in Los Angeles is not the right way to go about it.

PHOTOS: A peek inside 5 doomed dictators' opulent lifestyles

City Council members Mike Bonin, Curren Price and Nury Martinez have called for a hotel worker living wage as a way to "raise all boats" and address income inequality on a local level. However, their proposal unjustifiably singles out one industry, benefiting several thousand hotel employees while ignoring more than 1 million other low-wage workers. It would impose the second-highest minimum wage in the country for, say, a waiter in a Hilton hotel, while leaving a waiter at the restaurant next door — one that doesn't happen to be part of a hotel — with a guarantee of only \$8 an hour (or \$9 after July 1). The justification? Los Angeles hotels have low vacancy rates and are profitable.

That's not sound economic policy. It's simply a response — and a troubling one — to pressure from the hotel workers and their union, Unite Here. This time around, the

hotel workers have waged the most effective lobbying campaign. Next time it might be fast-food workers. Sorry, mall cashiers, you won't get a raise because the retailers threatened to leave and city leaders don't want to lose their sales tax revenue.

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Frankly, if the city's minimum wage is going to be raised, it makes sense to raise it for all city workers across the board.

In the past, L.A.'s political leaders have occasionally mandated a higher-than-minimum wage for certain workers whose employers, they argue, have received direct benefits from the city. The city decreed in 2007, for instance, that hotels near LAX must pay workers a living wage, now set at \$12.16 an hour, because those hotels supposedly benefit from the city's investment in the airport. (This page strongly disagreed with that argument.) And the JW Marriott hotel downtown has to pay that same rate as part of an incentive package that gives it a \$270-million break on city taxes through 2035.

But the 64 hotels that would be affected by the new proposal have sought nothing nor received anything special from the city. Unless you consider a public street or park or a medi-

ocre Convention Center a unique benefit bestowed on the hotel industry.

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There are other concerns. Would the higher wage for hotel workers lead to a loss of jobs or deter investment in new hotels in the city? Would it harm L.A. by offering a competitive advantage to hotels located just outside the city? These questions are to be addressed in a forthcoming study.

Generally, it is wiser to set minimum wages at a higher level of government, in order to have the broadest, fairest impact and to minimize the risk that businesses will move to cheaper locations. At the moment, President Obama is seeking to raise the federal minimum wage from \$7.25 an hour to \$10.10 — a proposal this page has supported — and California's leaders have rightly voted to raise the state wage to \$10 an hour in 2016. Multimillionaire conservative Ron Unz is gathering signatures for a ballot initiative to boost the state's baseline pay to \$12. If the City Council and Mayor Eric Garcetti are serious about raising all boats, they should dedicate their energy to policies that help the many instead of the few.

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