



March 25, 2014

Honorable Members of the Economic Development Committee
C/O John Wickham
Office of the Chief Legislative Analyst
200 N. Spring Street, Room 255
Los Angeles, CA 90012

Re: CLA Request for Study Points Inclusions

Dear Committee Members:

The Hotel Association of Los Angeles (HALA) and our member hotels and affiliates have been actively engaged in the proposed living wage ordinance and continue to voice our strong concerns to its negative impacts on existing hotel positions, future job creation, new hotel development and tax generation for municipal revenues.

We commend your decision to move forward with an economic analysis and would like to submit our points and questions and concerns relative to a comprehensive and unbiased study to evaluate the severe impacts of this proposal.

We have consulted with globally recognized economists, numerous industry experts across the nation including PKF Consulting USA and local hoteliers to consider the impacts and have compiled the list of guidelines, points and questions which need to be addressed in the proposed study.

We respectfully submit the attached document and look forward to continued dialogue with the city committees, members of council and administrative offices to participate in follow up discussions.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Amano", with a stylized flourish at the end.

Robert Amano
Executive Director

Cc: EDC Members -Chairman Price, Vice Chairman Krekorian, CM Huizar, CM Cedillo, CM Martinez



Points for Economic Analysis Study

- * Study of the impact of LAX living wage. How were hotel operations, service levels, and employment levels affected, if at all, from the passage of the 2006/2007 Airport Hospitality Enhancement Zone Hotel Workers Living Wage Ordinance?
- * Research analogous situations (Long Beach). Similarly, have hotel operations been materially altered since the passage of Measure N which took effect in December 2012? Further, did any hotels decrease their amount of available rooms so as to fall below the 100 room threshold, therefore making them exempt from the new law? Has there been any chill on hotel development in Long Beach since that time?
- * Are there precedents in other cities for a minimum wage standard for hotel properties only? If so, what is the scope of hotels and jobs covered? Are there union or exemptions that are considered within these ordinances?
- * What are the wage and earning benefits of the proposed living wage? An estimate of projected hourly wage increases should be compared to current wage and earnings estimates.
- * Survey General Managers within the City of Los Angeles to determine likely operational changes, i.e., job loss, hour cuts, position/services elimination that may occur if the proposed wage increase is enacted.
- * Would the proposed ordinance lead to a cut back, or elimination of entry level positions so as to avoid exposure to potential wage increases?
- * Tip credit exemption. Can and should the proposed living wage ordinance being considered by the City Council apply to restaurant servers and other tipped employees that actually earn substantially more than minimum wage? Would the consideration of a tip credit allow hotel managers and operators to maintain a similar level of staff if this option is included as a provision in the proposed ordinance? What are the average hourly wages of tipped employees and what is the range of earnings?
- * Whether the proposed wage increase would curtail new hotel development in the City of Los Angeles from an investor/developer perspective? That is - would potential developers of new hotels instead chose other Southern California cities in which to construct their desired hotel projects?
- * What is the collective potential negative impact of the proposed legislation in terms of the loss of tax revenues to the City of Los Angeles from new and existing hotel operations, as well as the potential loss of new jobs being created and materials and goods being sold in the connection with new hotel developments in the City?
- * What will be the impact to third party vendors such as night cleaners, valet parking services and others?
- * What would be the indirect charge to the economy if jobs are lost and hotels spend less on goods and services?