



Richard Williams <richard.williams@lacity.org>

Fwd: Living Wage Hike in Los Angeles

John Wickham <john.wickham@lacity.org>
To: Richard Williams <richard.williams@lacity.org>

Tue, Jun 3, 2014 at 1:29 PM

Richard,

Can you add this to the Council File for 14-0223?

John Wickham
Office of the Chief Legislative Analyst
phone: (213) 473-5738
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----- Forwarded message -----

From: **Mike Shoffit** <MShoffit@ardenthotels.com>
Date: Tue, Jun 3, 2014 at 11:14 AM
Subject: Living Wage Hike in Los Angeles
To: "john.wickham@lacity.org" <john.wickham@lacity.org>

Dear Mr. Wickham:

My name is Mike Shoffit and I am the General Manager at the Historic Mayfair Hotel in the City of Los Angeles.

I'm writing today because I understand that the Blue Sky Consulting Group is currently conducting a review of the potential economic impact of the proposed Living Wage hike of \$15.37 per hour for all hotels in the City of Los Angeles with 100 or more rooms. I want to take the time to tell you about my hotel and I ask that you please include my concerns in your ongoing review.

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.

Hotels like mine play 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. My 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 on the Los Angeles economy as a whole.

My hotel has 195 rooms and we provide more than 60 full-time jobs for our employees. These employees are paid very well and provided with good benefits for them and their families. If this minimum wage hike is passed, my

hotel will be forced to cut back on full-time employees, delay renovation (which is estimated to be \$7 million) and expansion projects, and possibly close or scale back on other hotel amenities including room service, our coffee shop, and more. The direct consequences to the Mayfair Hotel will be approximately \$900,000 in wages and payroll taxes. The unintended consequences of this type of Living Wage increase will be more dramatic, and they will have a negative impact on the people who the City is trying to help the most.

Let me repeat that once again for the record. My hotel, located in the City of Los Angeles, will be forced to layoff some employees and cut the hours for other employees if this Living Wage increase is passed.

A study that was recently released by the Fraser Institute concluded, *“When governments mandate a wage above the prevailing market rate, employers respond by cutting back on jobs, hours, and on-the-job training. Less skilled workers—those with fewer qualifications and experience—end up as collateral damage in the process.”*

I worry that if this minimum wage is passed, this is exactly what will happen. A Living Wage increase for only one industry in one city will make my hotel less competitive with hotels in our neighboring cities. This will lower occupancy therefore forcing me to cut back on jobs at my hotel. I do not want to have to do this, but I need to remain competitive with other hotels in the region.

I thank you for your careful consideration of my concerns and I hope that I can count on you to produce a fair and accurate report for the City of Los Angeles that includes my concerns.

Sincerely,

Mike Shoffit

General Manager

The Historic Mayfair Hotel

Mike Shoffit

General Manager

The Historic Mayfair Hotel

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