



LOS ANGELES AREA  
CHAMBER OF COMMERCE

Date: 10/28/14

Submitted in Econ. Dev. Committee

Council File No: 14-1271-52

Item No.: 2

Deputy: Communication from the Public

October 27, 2014

Honorable Herb Wesson  
President, Los Angeles City Council  
200 North Spring Street  
Los Angeles, CA 90012

**Re: SUPPORT for O'Farrell/Blumenfield motion calling for a minimum wage study**

Dear President Wesson:

On behalf of the Los Angeles Area Chamber of Commerce representing over 1650 businesses employing over 750,000 employees we raise our collective voice in support of the motion introduced by Councilmembers Mitch O'Farrell and Bob Blumenfield calling for a significant study on the potential impacts of the current proposals to create a City of Los Angeles minimum wage requirement. The creation of a local minimum wage will affect our economy and all Angelinos in ways realized and unrealized for generations to come. We need to have the facts before we make any decision on this monumental and far reaching proposal.

There are scores of studies on the impacts of minimum wage on employment and the economy, including the recent study done by the Berkley Center for Labor Research and Education. Yet all of these studies, no matter if they are positive or negative toward wage proposals, have the same thing in common. Each is based on data and modeling from experiences with states and counties, not cities. Cities have unique variables from these larger geographic areas that can exacerbate the impacts on job creation and competitive disadvantage.

We also suggest caution when comparing cities like Los Angeles, Seattle, and San Francisco. San Francisco and Seattle have unemployment rates between 4-6%, whereas Los Angeles hovers around 9%. Further the percentage of the employee base impacted by a minimum wage increase is in the single digits for a city like San Francisco that has a much different local economy than Los Angeles where a significantly larger portion of its employee base will be impacted by a wage increase. While this means a wage increase for more individuals in Los Angeles, it also means more businesses and nonprofit organizations will be grasping for a way to absorb the 40% plus increase in labor costs.

For this and many other reasons the Los Angeles Area Chamber of Commerce calls on the City Council to embrace and conduct the independent and objective studies called for in the O'Farrell/Blumenfield motion. We further call on the Economic Development Committee to go a step further and hold a series of hearings in communities across the City to get direct and unfiltered feedback from business owners who feel their investment in Los Angeles will be impacted. It would be a very productive move to reach out to your constituents and job creators

in your neighborhoods in the evenings rather than asking them to come to city hall downtown during the work day.

With a mix of hard economic data from independent economists and the day to day wisdom of business owners and employees, the City Council can get a full picture of the right path ahead to grow our economy, create jobs and reduce poverty in Los Angeles.

If you have any questions or if we can provide any further information please contact Ruben Gonzalez, Senior Vice President of Public Policy & Political Affairs, at [rgonzalez@lachamber.com](mailto:rgonzalez@lachamber.com) or 213-580-7568

Sincerely,

A handwritten signature in cursive script that reads "Gary Toebben".

Gary Toebben  
President & CEO