



February 6, 2015

The Honorable Curren D. Price, Jr.
Chair of the Economic Development Committee
City of Los Angeles
200 N. Spring St.
Los Angeles, CA 90012

Re: CF 14-1371-S2 – CITYWIDE MINIMUM WAGE INCREASE ECONOMIC ANALYSIS

Dear Councilmember Price and Economic Development Committee Members:

On behalf of the members of the California Restaurant Association, I am writing to respectfully request that the following topics be included in your analysis of a minimum wage increase in the City of Los Angeles.

(1) A training or teen wage:

The restaurant industry has long been an entry point for many young people into the job market. In fact nearly have of all adults have worked in the restaurant industry at some point during their lives and more than one out of four adults has their first job in a restaurant. Many of our young employees are unskilled, unexperienced and looking for a part-time opportunity while they are in school. For many years the restaurant industry has hired and trained these first time employees knowing that more than half will decide to leave their positions soon after being hired. Despite this risk the restaurant industry continues to employ our youth because they recognize their role in our communities and their unique ability to provide our youth with the skills and opportunity for growth. We propose that a local minimum wage increase include an entry level or training wage, so that restaurants can continue to provide first time jobs and training to unskilled youth.

(2) A gradual increase over time with built-in triggers to review any possible negative impact on business and adjust if necessary.

The state minimum wage was just increased in July 2014 and will go up again to \$10 per hour in January 2016. The restaurant industry is characterized by razor-thin profit margins that range between three to five percent in a strong economy. Our members are busy working on ways to absorb the State increases, maintain their workforce and continue to price their product so that it is affordable to their consumer. We propose that any Los Angeles increase be gradual and stepped based on a thoughtful and reflective analysis process that would allow a regular evaluation of any negative economic impact on local business.

(3) A targeted minimum wage increase policy so that it benefits the intended recipients

Minimum wage increases often have a perverse effect on the restaurant industry. Although we recognize the overall need to increase the minimum wage for the general workforce in Los Angeles we are urging you to understand that an increase without targeted language to address the restaurant industry will ultimately cause unintended harm to those employees we are all wanting to help. We propose that you consider targeted language that would increase the wage for those employees whose entire compensation is their hourly wage alone. In other words, employees whose total taxable and verifiable compensation is greater than the proposed minimum wage would not receive the minimum wage increase. This would allow the restaurant industry to use their finite labor dollars to benefit those employees who are most in need of additional compensation.

Should you have questions, please contact Adena Tessler at 213.624.1380 or atessler@mercuryllc.com.

Sincerely,



Matt Sutton
Vice President, Government Affairs and Public Policy
California Restaurant Association

