

January 20, 2015

Holly L Wolcott, City Clerk
City Council, c/o City Clerk, Room 395
200 North Spring Street
Los Angeles, CA 90012-4801

Re: Council File 14-1371

Dear Ms Wolcott,

I was responsible for adding approximately 200 jobs in the City of Los Angeles back in the late 90's. I worked closely with the City's administration at the time to prevent those jobs from going elsewhere.

A photo of me and Mayor Riordan taken in 1997 is attached. He came to the opening of my 85,000 sq.ft. manufacturing building in the City of LA. I still own the building where I used to run my business. It is a true manufacturing building without any loading docks, which are typically utilized for distribution companies. Manufacturing companies bring jobs to the City whereas distribution companies typically have very few employees.

I'm very concerned about the proposed increase to the minimum wage that is limited to the City of LA boundaries only. It has been an incredible challenge over the past 10 years to find/keep manufacturing tenants for my building. It has sat empty for long periods of time even though it has always been priced well below market and is in first class condition. The reason: It has been too expensive for manufacturing companies to run their businesses in the City of LA (even without contemplating an increase to the minimum wage) when they are competing against other companies elsewhere. DWP is part of the problem but there are other factors as well. A manufacturing company that was in my building for 10 years ended up moving to Austin, Texas several years ago due to the high costs here.

An increase to the minimum wage **limited to the City of LA only and not surrounding cities (and other counties in Southern California)** will destroy our manufacturing base that still remains. Also, if this minimum wage increase takes place, property values of manufacturing buildings such as mine will be seriously impacted even more.

What will this do to the City's tax base when many more building owners contest their property tax bills?

What will this do to the City when many more buildings are vacated and owners cannot find tenants?

These are serious issues.

When a company or an individual can walk across the street to set-up a business or purchase something for less, why would they do anything else?

I'm hoping you will reconsider the minimum wage proposal and wait until there are assurances that other nearby cities and counties are following suit. Then a gradual increase overtime will not be nearly as damaging. If you do not see this as a possibility at the very least I hope you will consider the following:

Has anything been proposed/discussed for manufacturing companies with a certain number of employees to receive meaningful concessions to the proposed wage increase if they can prove their company would suffer serious financial hardship and or have the potential to grow/add more jobs and will stay in the City while doing so? This is critical, sensible and responsible. Concessions might include a reprieve from any increase for 10 years and significant lower rates from DWP to offset any possible increase. I'm sure there are many other ideas our city dignitaries can come up with to mitigate the impact for manufacturing companies and their property owners.

It is my understanding that exemptions are being strongly considered based on common sense realities . **Please consider adding the following exemption: *Manufacturers that are building a product in the City of LA that is not proprietary in nature and is a production item.*** These companies may already or could potentially be competing against other manufacturers in Texas, Mexico or China, etc. We will lose these jobs for sure and this should not be allowed to happen.

We all want to see workers earn a fair living wage as long as an increase is implemented responsibly. I appreciate you adding this letter to the online Council File Management system and having it be part of the official record.

Thank you very much.

Regards,



Craig Kushen

Kushen Realty Company

ckushen@cox.net

949-709-3775

Enclosures

