

April 29, 2015

Honorable Curren Price
Chair, Economic Development Committee
City of Los Angeles City Council
200 N Spring Street
Los Angeles, CA 91405

Dear Councilman Price:

Our group of 300 plus restaurants—Small Restaurants for Fair Wages—would like to give formal input into the various studies requested by the City of Los Angeles regarding minimum wage, including the “peer review” study which is currently underway.

None of the studies looked specifically at restaurants and the unique challenges that our industry faces. While the studies determined that restaurants are the 6th largest employer in Los Angeles, none looked at how the minimum wage increase could impact our industry.

Specifically, unlike other industries, restaurants operate on a very small profit margin. Additionally, labor is our largest cost, as we are a very labor heavy industry. In fact, because restaurants operate 7 days a week, and 2 to 3-shifts a day, our employee count is much higher than other businesses that make similar profits. Further our ability to raise prices, already very difficult at any small level, is basically impossible to parallel the proposed wage increases.

Please keep in mind that this is not simply an increase in the minimum wage. For our businesses, it is an increase in the wage, and will prove to be unsustainable as raising the wage for tipped employees (90% plus of minimum wage earners) will cause all rates to increase, including all positions from line cook to managerial -- making our businesses defunct and unsustainable.

We would like to formally request a study that looks specifically at the restaurant industry before the Economic Development Committee makes a decision on minimum wage. In fact, our group is willing to pool monies and fund such a study if we have assurances that decisions will be held until it is complete and that its findings are thoroughly considered.

Thank you in advance for your consideration.

Sincerely,

George Abou-Daoud

George Abou-Daoud
Small Restaurants for Fair Wages