



June 1, 2015

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

Dear Council President Wesson:

As the Los Angeles City Council prepares to continue the discussion and take a final vote on a new citywide minimum wage increase, the Hotel Association of Los Angeles (HALA) reiterates our position that local hotels with 150 or more rooms should not be subject to an arbitrary, substantially higher minimum wage than other businesses in our City.

The current citywide minimum wage plan incrementally increases wages on Los Angeles businesses, culminating in a wage of \$15.00 per hour on July 1, 2020 for businesses with more than 25 employees and \$15.00 per hour on July 1, 2021 for businesses with 25 or fewer employees. In addition, the current draft citywide ordinance calls for future wage increases to be tied to the Consumer Price Index (CPI) beginning on July 1, 2022.

The Hotel Association of Los Angeles has repeatedly asked for the City of Los Angeles to maintain one wage for all businesses. This is the fair thing to do. There is active litigation from the American Hotel & Lodging Association (AH&LA) and the Asian American Hotel Owners Association (AAHOA) challenging the validity of the "Hotel Only" ordinance and asking for a legal remedy to the forthcoming disparity in minimum wage rates in Los Angeles.

Because there does not appear to be the desire to create a legislative fix to consolidate the minimum wage rates of Los Angeles hotels with other businesses, HALA is asking that the City Council DELAY the implementation of the CPI increases for our hotels until July 1, 2022 – which will coincide with the start of the CPI increases for other local businesses.

Targeting hotels only with a \$15.37 wage increase has been unfair from the very beginning. Mandating annual CPI adjustments the "Hotel Only" wage beginning on July 1, 2017 only makes an unfair situation even worse. This is especially true when the

current draft citywide minimum wage ordinance targets 2022 for the first year that the CPI will go into effect, a full five years after the CPI takes effect for the hotel wage.

The citywide minimum wage is more sustainable than a “Hotel Only” plan because it:

- Has a gradual phase-in schedule, allowing businesses to adjust accordingly as the minimum wage increases over the next few years.
- Applies to ALL businesses, not just one industry.
- Delays the implementation of CPI increases until the end of the scheduled wage increases.

In contrast to the citywide minimum wage proposal, the plan that only affects hotels would:

- Arbitrarily target just one industry.
- Create an uneven playing field in Los Angeles with hotels paying more than other businesses in Los Angeles.
- Put Los Angeles hotels at a competitive disadvantage with neighboring cities.
- Have a harmful impact on hotel jobs, construction, and future investments.

A mandated wage rate of \$15.37 per hour for hotel employees will clearly have a NEGATIVE bearing on current and future employment in the hospitality, tourism, and construction industries, and will depress the generation of tax revenues to the local economy through mandated TOT subsidies for future hotels in our City. In addition, creating a system with multiple minimum wage levels will cause confusion to the business community and be difficult to enforce.

It is patently unfair for a dishwasher at a hotel restaurant to have a mandated minimum wage that is higher than a dishwasher at a restaurant across the street. It does not make economic sense and it will ultimately lead to the closure of hotel restaurants and other amenities that will equate to the loss of jobs.

We trust that our elected leaders will agree with us that arbitrarily targeting one industry for a wage increase that is higher than the current citywide proposal is unfair and will have an adverse effect on jobs and the Los Angeles economy. Multiple studies have demonstrated that the City of Los Angeles needs to build a minimum of 5,000 new hotel rooms in the next few years to accommodate our tourism industry and attract the types of conventions that we desperately need. Singling out hotels for a higher wage than all other industries in Los Angeles sends a clear message to hotel owners and potential investors that Los Angeles treats the industry unfairly and new hotels should locate in adjacent cities.

We implore the City Council to use this citywide minimum wage ordinance as an opportunity to fix this inequity and treat our hotels the same way that you are treating other Los Angeles businesses. If the Council chooses to move forward with the Hotel Only minimum wage ordinance, we ask that the CPI increases be reconciled so that these annual adjustments take effect at the same time for all Los Angeles businesses.

On behalf of the more than 130 Los Angeles area hotels and affiliates that the Hotel Association of Los Angeles represents, we thank you for your careful consideration of these issues.

Sincerely,



Bob Amano
Executive Director
Hotel Association of Los Angeles.

CC: Los Angeles City Council
Los Angeles Mayor Eric Garcetti