



Airlines for America
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November 28, 2017

The Honorable Curren Price
Council Member, District 9
Chair of Economic Development Committee
Los Angeles City Council
200 North Spring Street, Rm 420
Los Angeles, CA 90012

Date: 11/28/17
Submitted in EDC Committee
Council File No: 15-0817-S1
Item No.: 8
Deputy: Adam R. Lid

Dear Chairman Price:

Re: Motion #15-0817-S1 on Living Wage at LAX Airport

Following up on my prior correspondence of July 21, September 16 and September 19, I am writing on behalf of the member carriers of Airlines for America ("A4A") to express our continuing concerns with the pending Living Wage proposal for Los Angeles Airport (LAX) employers.

It is my understanding that the Economic Development Committee will be considering, and may pass, the Living Wage proposal at today's meeting. We were surprised to learn of this quick movement as (i) the proposed increases are not scheduled to take effect for seven months, and (ii) the Committee is still awaiting written reports on the Health care and Emergency Training issues.

Rather than repeat all the points raised in the earlier letters, A4A respectfully requests that the Economic Development Committee and/or the full City Council not give final approval to the proposed Living Wage at LAX until the following items have been addressed:

- **Do not include airlines within the scope of the proposal.**
A4A continues to dispute the legal and policy foundations for imposing the Wage requirement on any LAX employer - whether or not it is an airline. However, we would point out that most other airports with living wage requirements do not extend those

provisions to airlines. These airports include Boston, Chicago (Midway and O'Hare), Fort Lauderdale, Miami, Minneapolis-St. Paul, Sea-Tac, and Washington DC (Reagan and Dulles).

Those airports have recognized the higher wages paid by airlines for ground staff, generally starting at \$14.00 per hour or more and exceeding \$30 per hour at top of scale.

Limiting the scope of the proposal to non-airline workers would also be consistent with the Legislative Findings which only references wages paid by service contractors, without any reference to airline wages. Most notably in this regard, on page 1 of the draft Ordinance, the intent is described as:

- "Through this article, the City intends to require service contractors to provide a minimum level of compensation..." (emphasis supplied)

Finally, we would stress that the passenger airlines have over 50 separate nationwide collective bargaining agreements, for ground employees. Reopening each of these 50+ agreements to specifically supersede the requirements at LAX (or any other airport) would be tremendously burdensome on both carriers and our unions.

- **Medical Benefits requirement should include a Minimum Standards Option.**

As discussed in our prior letter, the council should sunset the Medical benefit payment requirement of \$5.18 per hour for LAX employers as it has for the rest of the city.

However, if the City Council chooses to maintain a Health Benefit requirement, we would urge that it adopt a "Minimum Standards Health Care" program option akin to that used at San Francisco Airport. A minimum standards plan guarantees a set of health care benefits for the employees while providing companies with the maximum flexibility to negotiate with the insurance carriers to provide those standard benefits without regard to any "hourly cost" factor.

Equally important, a minimum standards option is more likely to achieve the Council's objective of expanding the number of service workers with health care coverage. As detailed in my September letter, many LAX employers - unable to calculate the actual expenditure for a single employee's health care coverage on an hourly basis - have curtailed health care coverage and simply pay the \$5.18 as straight cash wages.

- **Employers to handle Emergency Response Training for CSPP Workers**

The ordinance would require that airline service contractors operating under a CSPP permit companies release employees for 16 hours of emergency response training courses approved by the airport. The lack of specifics in the section is alone a source of concern. But more fundamentally, the training of employees who service airlines and our passengers and cargo - whether they work directly or through a contractor - is an area that the federal government has delegated to the air carriers and our contractors, with oversight from the Federal Aviation Administration ("FAA") and the Transportation Safety Administration ("TSA").

Accordingly, A4A respectfully requests that the Economic Development Committee postpone final approval of the LAX Living Wage Motion until these issues have been resolved.

Respectfully,



Rob DeLucia
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Associate General Counsel
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Cc: Honorable Joe Buscaino
Honorable Jose Huizar
Deborah Flint, CEO of LAWA