



**Airlines for America**  
We Connect the World

September 19, 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: 9/19/17  
Submitted in EDC Committee  
Council File No: 15-0817-S1  
Item No.: 1  
Deputy: Adam R. Lid

Dear Chairman Price:

Re: Motion #15-0817-S1 -LAX Living Wage - Response to Chief  
Legislative Analyst Report

I have reviewed the September 18 Chief Legislative Analyst (CLA)  
report on Impacts of the Living Wage Ordinance's Airport Living Wage.

With the disclaimer that the report was issued only one day before the  
hearing on the Airport Living Wage proposal, leaving little time for a  
more complete critique of the CLA report, I would offer the following  
comments.

Overall, the CLA report greatly understates the likely costs of the  
Airport Living Wage. In large part, this is attributable to the fact that the  
CLA analysis focuses almost exclusively on the direct - and relatively  
minor - costs to LAWA. Unfortunately, the report is silent or sidesteps  
the much larger impact on LAWA tenants and lessees, i.e. airlines,  
airline service providers, restaurants and stores. Ultimately, all of these  
increased costs will be borne by the passengers.

Among the shortcomings in the CLA report, that merit further review  
before the Economic Development Committee votes on the proposal:

- Report only reviews the costs to LAWA.  
The CLA report's estimate of \$5.8 million per year by 2025 is  
purely limited to costs that LAWA will have to absorb from

companies that directly contract with LAWA: Flyaway buses, shuttles, parking lots and taxi management.

- No analysis of costs to airlines and our service companies.  
Unlike the A4A letter of September 17, the CLA report does not attempt to calculate the costs of the Airport Living Wage on airlines and the companies that the airlines contract with for baggage handling, customer service, cleaning, catering and fueling. For the most part, those companies are not even referenced in the report.
- No analysis of cost to restaurant, stores and other terminal businesses.  
Aside from a passing reference to the “biggest impact will be on Concession contracts,” there is no mention of the impact on the principal concession companies: the restaurants and stores in the terminals.
- No analysis of impact on “Street Pricing” Policy for restaurants and stores.  
Under the proposal, tenants in the terminals will be paying labor costs well above the wages paid by comparable businesses that are off airport. Yet the Street Pricing policy limits the premium that they can charge customers above the price for comparable items off airport.
  - There is no analysis of how restaurants and retail stores can possibly absorb additional labor costs. Will store prices have to rise? Will LAWA have to lower rents to offset the higher labor costs? Does lowering rents impact Master Use and Lease Agreements?
- No analysis of costs to catering companies.  
The proposal bars catering companies from negotiating a collective bargaining waiver of either the Living Wage or Health Benefit mandates. This will force them to pay a minimum cash wage of up to \$22.18 by 2021. These catering costs are ultimately passed onto airlines and their passengers.

- No explanation of why airport workers have different cost of living than other workers in the city of Los Angeles.

The report references the economic distress of the cost of living in LA area, including rent. But the CLA report contains no explanation of how the cost of living for airport workers is any different from the cost of living for other workers in Los Angeles.

Rents are neither higher nor lower for airport workers. If the city has determined that \$15 per hour (by 2021) is appropriate for other city workers, there is no economic basis for mandating a rate higher than \$15 at LAX. To the contrary, **the only wage benchmark referenced in the report is \$15 per hour.** (See page 2 of CLA Report.)

Accordingly, A4A respectfully requests that the Economic Development Committee postpone further consideration of the LAX Living Wage Motion until the CLA and other interested parties can prepare a complete economic analysis.

Respectfully,



Rob DeLucia  
Vice President – Labor & Employment, and  
Associate General Counsel  
Phone: 202-626-4001

Cc: Honorable Joe Buscaino  
Honorable Jose Huizar  
Deborah Flint