



December 22, 2014

The Honorable Curren D. Price, Jr.
Chair, Economic Development Committee
Los Angeles City Council
200 N. Spring Street, Room 420
Los Angeles, CA 90012

Dear Chairman Price:

The American Hotel & Lodging Association (AH&LA), the sole national trade association representing all segments of the 1.8 million employee hotel industry, including 199,922 hotel workers in California, is concerned that the recently enacted “Hotel Worker Minimum Wage Ordinance” will have a negative impact on the hotel industry in the City of Los Angeles as well as on the city’s overall economy. The economic studies commissioned by the Council warned that the ordinance will lead to significant job losses, loss of economic development opportunities and put Los Angeles hotels at a competitive disadvantage to hotels in neighboring cities.

As you consider proposals to increase the overall minimum wage for employees in the city, we believe there is an opportunity to develop a balanced policy that provides parity for all employers and employees, including hotels and hotel employees. We are encouraged that the Council has requested an independent study to examine the economic impact of various proposed minimum wage increases. We urge the Council to review the findings carefully and work to craft a fair and balanced policy ultimately embodied in an enforceable ordinance.

To that end, we respectfully request the Chief Legislative Analyst and City Administrative Officer include in the independent study an analysis of the following:

- The economic impact of differing minimum wage requirements on affected businesses within the same jurisdiction. This is relevant because unless the general minimum wage contemplated is reconciled with the hotel only minimum wage, entire occupational classes of employees will be covered by different minimum wage requirements, depending on where they work. For instance, a janitor or waiter in a hotel would be covered by one minimum wage while a janitor or waiter in a nearby office building would be covered by another. The owner of a leased coffee shop that happens to be located in a hotel would be required to pay his or her employees one wage while the owner of a coffee shop nearby would pay his or her employees a different, and likely lower, wage.

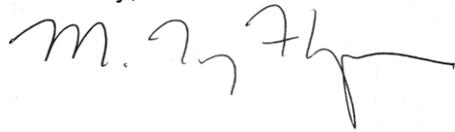
One hotel complex in the city has forty retail and office tenants. Those tenants are subject to the “Hotel Worker Minimum Wage Ordinance.” Similar businesses across the street, or in some cases the exact same brands a few blocks away, are not. Differing minimum wage requirements based exclusively on the type of employer or the location of the business (within or outside a hotel footprint, for example) no doubt have economic impacts. It seems to us there is great value to the Council in knowing what those impacts are before adopting another, and perhaps different, minimum wage.

- With the sheer number of businesses in the city, the enforcement of any minimum wage is likely to be challenging. The challenge is compounded if there are different minimum wage requirements to be enforced. What are the cost implications of enforcing compliance with one minimum wage for all employees in the city versus the cost implications of enforcing two or more minimum wage requirements?

The AH&LA respectfully requests these two areas of inquiry be included in the independent economic analysis. Certainly the analysis and findings should be part of the Council's consideration of the various minimum wage proposals. AH&LA is committed to working with you and the Council to arrive at a uniform, enforceable minimum wage that is fair to all employees and employers in the City of Los Angeles.

Should you have questions or need additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Troy Flanagan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

M. Troy Flanagan
Vice President, State & Local Government Affairs