

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: December 06, 2024
TO: Honorable Members of the City Council
FROM: Sharon M. Tso *smtso*
Chief Legislative Analyst Council File No. 14-1371-S13

BEAR Follow-Up Questions

SUMMARY

At its meeting on November 20, 2024, Council considered an Economic, Community Development, and Jobs Committee report (C.F. 14-1371-S13), relative to amending the Living Wage Ordinance (LWO) and Hotel Worker Minimum Wage Ordinance (HWMO). The Council continued the matter and requested Berkeley Economic Advising and Research (BEAR) respond to 18 additional questions regarding the economic effects of amending the LWO and HWMO.

BEAR has provided written answers to all 18 questions along with responses to the transmittal submitted by Councilmember Park on May 24, 2023 (Attachment A). Our Office assisted with this response.

Our Office received additional information from the Hotel Association of Los Angeles (HALA) on November 27, 2024, which included aggregated revenue and profitability figures for approximately 35 hotels across the City. Because those data do not include individual-level estimates and are based on a subset of hotels in the City, BEAR and this Office are unable to determine if these data are representative of Los Angeles hotels.

The attached responses will be uploaded to the Council File.

Henry Flatt
Henry Flatt
Analyst

Attachments:

- A. Additional BEAR Questions and Responses

Additional Council Questions from 11/20/2024

1 The report estimates that prices will go up 6% over 4 years in response to the wage increases. What assumptions were made regarding how much the ordinance would increase operating costs for hotels and, separately, airport employers? What assumptions, if any, were made regarding operating margins for hotels, and for airport employers? Were you able to distinguish between very large companies, e.g., airlines, vs. concessionaires that are small businesses? (CD 3)

BEAR: Detailed cost impacts are spelled out in Table ES1 of the report. Table ES1 summarizes the proposed changes in minimum compensation in the first year of implementation.

Because individual health insurance (coverage provision or premium paid out in cash) is already required by the LWO, airport workers would receive a smaller change in minimum required total compensation (wage plus value of individual healthcare coverage) from \$24.73 to \$32.51, an increase of 31%. Because the HWMO does not currently guarantee any level of health insurance coverage, hotel workers without employer provided healthcare coverage would receive the largest change in minimum required total compensation with hourly compensation increasing from \$19.73 (wage only) to \$33.35 (wage plus the value per hour worked of health coverage), an increase of 69%.

The average hourly increase in wages per impacted worker is estimated to be \$3.45 for airport workers and \$3.77 for hotel workers in the first year of implementation (Table ES3). The analogous increase in the value of healthcare coverage is estimated to be \$0.42 and \$2.47, respectively. Combined across all impacted workers the annual impact in the first year is estimated to be \$115.4M for airport workers and \$66.2M for hotel workers, increasing to \$156.3 million for airport workers and \$87.9M for hotels worker in 2028.

Wage cost increases are significant, but in these capital-intensive sectors, effects on local demand, employment, and income are estimated to be negligible, mainly because price changes are estimated at six percent over four years. Applying the generally accepted aggregate demand elasticity of $-.72$ to this makes the demand change an even smaller percentage of the aggregate LA City income benefit.

Estimated direct demand impacts of $-\$21$ million include the rest of LA County or its neighbors.

Even though LA City firms have an incentive to increase prices, local mobility of consumers would limit their ability to do this. More importantly, airports, airlines, other air travel service providers, as well as large hotels, are more likely to be setting prices for regional, national, and even international markets, meaning local cost changes will have a limited pass through. Indeed, the nature of air transport and hotel

services is that they compete in national and global markets more than local ones. Finally, most LAX and large hotel patrons are non-residents with limited options for substitution. If firms completely offset higher labor costs with price increases, our results indicate that the adverse demand effect would be smaller than the growth dividend of higher wages and benefits.

It should be emphasized that, although direct effects impact only the airport and hotel sectors, indirect and induced or “multiplier” effects of higher wages are distributed across most of the sectors and occupation groups in Greater Los Angeles. In other words, workers who received higher wages, and by extension their employers, are responsible for higher income and employment across their communities. The next two tables present more detailed estimates of these beneficial spillovers across the economies of LA City and its neighbors. These estimates represent the full “general equilibrium” impact of the proposed LWO, including direct (policy), indirect (supply chain), and induced (expenditure multiplier) effects on local incomes (Table ES5) and jobs (Table ES6).

Sources: Report: Tables ES1 AND ES2

2 Is there any estimate of the direct change in employment within the City of Los Angeles in the hotel and airport sectors due to the wage increases? We'd like to disentangle LA from neighboring cities as much as possible. (CD 3)

BEAR: It is noteworthy that the impacts are net positive in all jurisdictions of greater Los Angeles, more than offsetting the initial cost impact on targeted LA City employers. Because a significant majority of this policy’s covered workers actually live in the City, about two-thirds of the wage gain is captured in local resident expenditures, and the multiplier effects of this more than offset higher wage costs and price-induced adverse demand impacts. This contrasts somewhat with the more general LA minimum wage policies implemented a few years ago, where both “leakage” to non-resident worker expenditures and demand reductions were larger. Simply put, for these two categories of workers, LA City gets a greater share of the net benefit from living wage guarantees.

Sources: Report, Tables Es4 and 4.7-4.9

3 Table ES5 summarizes the distribution of about \$700 Million in added private income for Los Angeles City and about \$600 Million for its neighboring jurisdictions. These benefits are distributed across all 23 sectors, depending mainly on household consumer expenditures from higher income. Meanwhile, table ES6 shows how over 6,000 additional FTE jobs are distributed across 22 occupations in Los Angeles City and over 5,500 added in the rest of the local economy (Table ES6).

BEAR: Because local households are the primary beneficiaries of the wage increases, and more than two-thirds of household consumer expenditure goes to services, these sectors and occupations capture the greatest gains. Of special significance are the real estate and health sectors. Real Estate, comprising both residential and commercial rentals and leasing services, represents the largest share of household expenditure in Table ES7. This sector will be strongly stimulated by the rise in earnings, and can be expected to generate a supply response that will offset price increases.

4 Is there an estimate of net changes in hotel revenue within the City of LA from the proposed wage increases? Because the City's budget relies on Transient Occupancy Tax, it would be helpful to understand what impact that might have, even if there are overall benefits from increased sales tax, business tax from increased spending elsewhere, etc. (CD 3)

BEAR: Our analysis assumes that the hotel industry adjusts prices to offset the wage increases, increasing revenue and maintaining profitability. These price increases will reduce demand initially, but by a small amount with commensurately small changes in the TOT.

Sources:

Report, page 12.

See also

(1) Beacon Economics, Cost-Benefit Analysis: Los Angeles Minimum Wage Proposal, March 2015.

(2) Berkeley Institute for Research on Labor and Employment, The Proposed Minimum Wage for Los Angeles: Economic Impacts and Policy Options, March 2015.

(3) UCLA Labor Center, Los Angeles Rising: A City that Works for Everyone, March 2015.

(4) von Wachter and Wenger, Technical Review of Studies Related to the Citywide Minimum Wage Proposal in the City of Los Angeles, April 2015.

5 We touched on this, but did you estimate whether there would be any increase in demand for short-term rentals? (CD 3)

BEAR: There is no reliable data disaggregating rental occupancy by length of stay. While relevant and interesting in itself, this would require a direct survey of the local market, with time and resources far beyond those of this study.

6 How does the LAX recovery compare to other airports across the country? (CD 15)

BEAR: As measured by passenger traffic data gathered from the Chief Legislative Analyst (CLA) and from LAWA, LAX lags behind other large airports in terms of passenger traffic. As of November 2024, the total number of passengers at LAX is approximately 75 million, which is 85% of the pre-pandemic high of 2019.

2023 Rank	Airport Name	Airport Code	2023 Total Passengers	2019 Total Passengers	Recovery Percent
1	Hartsfield-Jackson Atlanta International Airport	ATL	104,653,451	110,531,300	94.68%
2	Dallas/Ft Worth International Airport	DFW	81,755,538	75,066,956	108.91%
3	Denver International Airport	DEN	77,837,917	69,015,703	112.78%
4	Los Angeles International Airport	LAX	75,050,875	88,068,013	85.22%
5	O'Hare International Airport	ORD	73,894,226	84,649,115	87.29%
6	John F. Kennedy International Airport	JFK	62,464,331	62,551,072	99.86%
7	Orlando International Airport	MCO	57,735,726	50,613,072	114.07%
8	Harry Reid International Airport	LAS	57,666,456	51,691,066	111.56%
9	Charlotte Douglas International Airport	CLT	53,445,770	50,168,783	106.53%
10	Miami International Airport	MIA	52,340,934	45,924,466	113.97%
11	Seattle-Tacoma International Airport	SEA	50,877,260	51,829,239	98.16%
12	San Francisco International Airport	SFO	50,196,094	57,418,574	87.42%
13	Newark Liberty International Airport	EWR	49,084,774	46,336,452	105.93%
14	Sky Harbor International Airport	PHX	48,654,432	46,287,790	105.11%
15	George Bush Intercontinental Airport	IAH	46,192,499	45,276,595	102.02%
16	Toronto Pearson International Airport	YYZ	44,761,805	50,496,804	88.64%
17	Logan International Airport	BOS	40,861,658	42,587,664	95.95%
18	Ft Lauderdale-Hollywood International Airport	FLL	35,115,485	36,747,622	95.56%
19	Minneapolis/St Paul International Airport	MSP	34,770,800	39,555,035	87.90%
20	LaGuardia Airport	LGA	32,384,960	31,084,894	104.18%

LAWA has communicated to the CLA that LAX has lagged behind other large airports because the highly valuable flights to China have not been fully restored in accordance with Federal guidelines. Flights from LAX to Shanghai or other large Chinese cities are also an important driver of revenue for concessionaires at the Airport.

Sources: Los Angeles World Airports (LAWA)

7 Have any other jurisdictions implemented a wage increase of this size over such a short period? (CD 11)

BEAR: In California alone, 19 jurisdictions have implemented minimum wage ordinances, most with immediate effect. To our knowledge, no other jurisdiction has implemented a wage increase of this size targeting a specific sector.

Sources: See e.g.

Berkeley Institute for Research on Labor and Employment, The Proposed Minimum Wage for Los Angeles: Economic Impacts and Policy Options, March 2015. (3) UCLA Labor Center, Los Angeles Rising: A City that Works for Everyone, March 2015. von Wachter and Wenger, Technical Review of Studies Related to the Citywide Minimum Wage Proposal in the City of Los Angeles, April 2015.

8 Which hotels did you interview in the course of your analysis? (CD 11)

BEAR: We contacted the Northeast Los Angeles Hotel Owners Association
The CLA contacted the following hotel industry stakeholders:
Greater Los Angeles Hospitality Association
West Hollywood Chamber of Commerce
Camelot Hotel (Anaheim)

Only the Greater Los Angeles Hospitality Association responded to their call to be interviewed. The CLA also requested data from the Los Angeles Hotel Association (LAHA), the Los Angeles Area Chamber of Commerce, and the California State and Lodging Association. No data were provided to either BEAR or the CLA from these organizations that could be used in the study prior to its completion. On November 27, 2024, the CLA received revenue and profitability data from HALA at approximately 35 hotels across the City. The CLA nor BEAR have received employee figures that can provide insight into the number and types of individuals employed by hotels or employees' median or average earnings.

9 If these policies were to be adopted, what are the estimated effects on City revenue streams? Can you disaggregate Transient Occupancy Tax (TOT), Sales tax, Utility users' tax, etc. (CD 2)

BEAR: Fiscal benefits of the policy are substantial, yielding (by 2028) extra local, state, and Federal revenue of \$15M, \$22M, AND \$83M, respectively in the LA City economy alone and \$28M, \$40M, and \$153M overall.

The BEAR model did not track the TOT specifically among our fiscal variables, but based on hotel revenue effects we estimate it will vary by less than \$2M or about 1% as a result of the ordinance. Other local revenue gains far outweigh this effect.

Fiscal impacts of these demand and supply adjustments are estimated using marginal tax rates estimated for median households in the covered occupations, reported by Forbes from Local, State, and Federal sources.

Sources: Report, Table ES4, page 13, and page 35

<https://www.forbes.com/advisor/income-tax-calculator/california/?deductions=0&filing=single&income=30000&ira=0&k401=0>

10 Will rents rise as part of the supply response to the wage increases? (CD 2)

BEAR: While the LA housing market is continuing its post-COVID recovery, the rental market still has significant excess capacity, particularly in lower cost segments. Because the covered group are the lowest wage workers in the formal sector, they are unlikely to exert much pressure on the fundamentals of this market. Most of the sale and rental price appreciation is happening in higher cost segments.

Sources: See e.g.

<https://www.zillow.com/rental-manager/market-trends/los-angeles-ca/>
<https://www.noradarealestate.com/blog/los-angeles-real-estate-market/>

11 Passenger traffic was down 13% from pre-pandemic levels and LAX concession sales were down 21% behind 2019 sales levels. Why are LAX concession sales lagging behind passenger levels? (CD 15)

BEAR: Concession sales are still recovering from COVID behavioral adjustments, the leading one being work-at-home and other discretionary absenteeism. Food services generally is suffering from the "long tail" of these COVID behavioral changes. Most small businesses have tried to weather this adverse cycle, cutting cost and increasing debt in the hope that the lunch and after hours trade would return to work-adjacent venues, but this has not happened as quickly or extensively as hoped. This has resulted in a steady stream of small business failures that was not caused by, nor can be ultimately remedied by, local wage rates.

Sources: Interviews with
Latino Restaurant Association
Blakhaus America
Concord Collective

12 Can you discuss the West Hollywood (2019) study in greater detail? (CD 11)

BEAR: The West Hollywood studies we have obtained not from 2019, but are both addenda to a West Hollywood City Council Staff Report Dated 4/15/24. They represent rapid surveys conducted the month before on groups of 142 and 214 respondent firms and workers, respectively. Both are PPT presentations with little detail on how they were designed to assure representative and unbiased sampling, and in any case samples of this size would be statistically quite weak in the chosen population.

A variety of questions were posed eliciting opinions on local economic conditions, including staffing (by firms) and working conditions (for workers). While relevant issues were addressed (e.g., minimum wages, costs, COVID, layoffs), these responses do not represent data that could identify any material causality between the imposition of minimum wage ordinances and actual hiring decisions or job loss events. The results are merely tabulations of opinions making intuitive association between these factors but offering no reliable metrics for impact assessment.

Meanwhile the following hotel industry inputs were also evaluated:

BEAR received a variety of documents from the CLA transmitted by Hotel industry representatives. These include industry commissioned reports, independent reports, and selective data and estimates. All this material was taken into consideration in developing our impact assessment, but much was of limited direct use because it was either not independent, not peer reviewed or otherwise independently substantiated, or too specific to be incorporated in our City-wide assessment model. Here we comment on a few sources.

Oxford Economics Study - This industry-commissioned piece was addressed directly in the report, which questioned its opportunistic and draconian assumptions about the future of regional tourism and hospitality and the consequent neglect of demand side benefits.

Letter from the Alliance for Fairness

This communication cites the Hill (2023) article and another untitled piece from “UC San Francisco” (a nonexistent institution). The (unpublished) Hill paper is based on the Point-in-Time (PIT) Count is an annual count of people experiencing homelessness, which has been discredited by 75% of academics researching homelessness (GAO: 2020). It also commits a basic fallacy of interpreting correlation as causality between minimum wages and homelessness. During Hill’s sample period, there were dramatic increases in homelessness the latter. This data only reveals temporal correlation because many jurisdictions we at the same time attempting to improve earnings for low wage workers because of rising inequality. It is well known among experienced researchers that the primary drivers of homelessness are poverty

and local law enforcement practices, not labor market policies.

The Alliance letter also refers to research from “UC San Francisco” examining the comprehensive causes of homelessness, which found that loss of income stemming from events such as losing a job is one of the leading reasons a person loses their housing. Yes, Virginia, losing your job increases the risk of becoming homeless. What is missing here is evidence of any causal link between minimum wage ordinances and unemployment. Industries perennially threaten unemployment as a consequence of minimum wages, but as we argue throughout the BEAR report, historical experience shows firms and workers both benefit from more equitable compensation.

“Data” from the Hotel Association of Los Angeles

In response to aCLA request, an email from Heather Rozman, the previous President and CEO of the Hotel Association of Los Angeles states, among other things, that:

“we do not have extensive wage data on hand (as an association, we have to be cognizant of anti-trust laws on discussing pricing and wages)” - in other words, the industry declines to share economic data for strategic reasons.

“there are several sites that would be useful for the City and its 3rd party consultants to refer to:

- www.Salary.com
- <https://www.payscale.com/>
- US Bureau of Labor <https://www.bls.gov/bls/blswage.htm>
- State of California <https://labormarketinfo.edd.ca.gov/data/wages.html>

We consulted all these before the letter was received, and our analysis (fully documented) is based on the latter two official sources. The first two are not spatially detailed and/or rigorous enough to be research grade.

Bakertilly Letter summarizing an assessment for Anaheim

This communication goes into considerable detail on the cost of an MWO to one regional municipality. As such it is not directly useful for our study, but in fact their cost estimates are not inconsistent well with those BEAR produced for LA City. Like the Oxford Economics study, what is completely absent is a responsible assessment of the benefits from higher wages for local workers. As the authors themselves admit, “This analysis does not extend to assessing the individual benefits that ACC workers may derive from higher wages, nor does it explore any associated impacts on the City. Furthermore, the potential effects on employment opportunities stemming from ACC operations, whether positive or negative, in the event of the Initiative's enactment into law, are not within the purview of this analysis.” This bias relegates both studies to the status of industry advocacy, which is consistent with their sponsorship.

If one wished to know these, they could simply consult our study, which shows that these benefits far outweigh direct industry costs and promote inclusive growth and livelihood improvement across LA and its neighboring economies.

A spreadsheet on regional hotel operations

This table, a file entitled “CAHotelLodgingAssociation_202407.xls”, is a selective outtake (one table) from LA Hotel and Lodging Association records in July. There is no information documenting the original source of this information or the means of estimating it, and it is not structured in a way that is compatible with our (IMPLAN) assessment methods. Having said this, we were unable to ascertain how these numbers support any of the above findings or general arguments about perilous conditions in the industry or, in particular, vulnerability to the cost of low wage workers. Bearing in mind that hospitality is a very capital intensive industry (dominated by real estate assets and infrastructure), we continue to believe this is quite limited. Some data on historical wages have also been invoked to argue about the “dramatic” nature of proposed LWO wages, but of course LA’s recent history now presents extensive evidence of responsible, pro-growth adaptation to state and local wage appreciation.

13 Has the drop in hotel visits been influenced by Air BnB and other home sharing companies? (CD 1)

BEAR: There have been no authoritative studies to date of AirBnB "displacement" effects on the hotel industry. In the wake of COVID 19, this sector has been quite volatile, and is now experiencing increasing restrictions in multi-unit residential sector. According to the Office of Finance (OOF), hotel TOT receipts dropped more significantly than AirBnB revenue. Since that time, however, hotels have recovered better than AirBnB and have returned to pre-pandemic levels. The most recent OOF data available indicate that AirBnB has not reached pre-pandemic levels, as revenue has only reached 2/3rds of 2018-19 receipts.

14 What is the range of compensation at hotels? (CD 15)

BEAR: This report does not have enterprise-specific data on compensation of individual hotel employees. Despite repeated requests by the CLA, it was not possible to collect a representative sample from the local industry. Our compensation data are from national and state sources on the sectors and occupations expected to be covered by the LWO.

15 How will implementing this policy impact the ability of LA to host other large sporting events like the world cup, super bowl, and Olympics? (CD 1 and CD12)

BEAR: The tourism and travel industries in Los Angeles are rebounding rapidly from the COVID-19 pandemic (see e.g., Figure 1.1). In 2022, 46.2 million people traveled

to Los Angeles reaching 91% of the historic high volume from pre-pandemic levels. These visitors spent \$21.9 billion resulting in a total economic contribution of \$34.5 billion in economic activity. Tourism is a major driver of economic growth in Los Angeles, and major events such as the 2026 World Cup and 2028 Olympics will likely see new records set. Annual visitors are projected to rise to more than 70 million by 2030 creating more than 400,000 jobs and generating an additional billion dollars a year in tax revenue in the City of Los Angeles.

16 Are a majority of workers affected by these increases inside or outside the City? (CD 11)

BEAR: The ordinance only targets employees living within Los Angeles, but many live outside the City. Our estimates indicate that the majority of direct wage benefits would accrue within the City.

17 Why was there no analysis done for tipped and untipped hotel employees? (CD 12)

BEAR: This data was not available from either official statistics or reliable industry sources. State law precludes employers from using an employee's tips as credit towards its obligation to pay the minimum hourly wage.

18 Why are there "limited options" for substitution? Please elaborate on this point. (Tourism Officer)

BEAR: "LAX and large hotel patrons are non-residents" refers to individuals who are not likely to have local friends/relatives to offer them alternative lodging. The capacity of alternative offerings (e.g. AirBnB) is also increasingly limited (see item 13 above).

Topics Raised by the Councilmember Park Letter of 5/24/23

The following were suggested be included in an independent analysis of the minimum wage proposal outlined in a Council transmittal (C.F. 14-1371-S13).

•How other cities have implemented similar policies and wage increases

BEAR: In the last decade in California, 19 municipalities, seven counties, and the state itself have instituted minimum wage ordinances. While many economists rightly critique the theoretical inefficiency of a minimum wage, the downside risk is minimal compared to improved quality of life for low-income workers and their families, who improve their livelihoods and spread those benefits through local expenditures while also reducing social services spending needs. Thoroughly analyzing how other jurisdictions have implemented similar wage increases was beyond the scope of work identified in the original instruction of the Motion.

•A process for broad outreach and robust engagement with businesses and industries directly and indirectly impacted by this effort

BEAR: Both the consultant and CLA contacted leading industry stakeholders for both feedback on the policy and input data. No significant and authoritative data sources were made available or identified in this process.

•The relationship and overlay between the hotel minimum wage and hotel worker protection ordinances

BEAR: This report evaluates a recommended policy that explicitly includes both direct wage compensation and health benefits. Other “protection ordinance” related (e.g. worker safety, discrimination, etc.), issues are not considered because it was beyond the scope of the original instruction of the Motion and because data limitations prevent precise estimation. The Hotel Worker Protection Ordinance (HWPO) requires that room attendants who perform more than 3,500 square feet of floor space cleaning be paid twice the room attendant’s regular rate of pay. Without internal estimates from industry detailing hourly pay rates, occupation type, and overtime wages, BEAR is unable to know which employees are covered under this clause.

•The percentage of workers covered under the Living Wage Ordinance and Hotel Worker Minimum Wage Ordinance who fall below the federal poverty level

BEAR: The 2024 US Federal poverty line FTE wage for an individual is approximately \$8 per hour, for family of three it is \$13.60 per hour. Both these values are well below the California state minimum wage and the minimum wage mandated by the Living Wage Ordinance (LWO) and Hotel Worker Minimum Wage Ordinance (HWMO), so their relevance to this policy is unclear.

•The impact on collection of Transient Occupancy Tax revenue

BEAR: Fiscal benefits of the policy are substantial, yielding (by 2028) extra local, state, and Federal revenue of \$15M, \$22M, AND \$83M, respectively in the LA City economy alone and \$28M, \$40M, and \$153M overall.

The BEAR model did not track the TOT specifically among our fiscal variables, but based on hotel revenue effects we estimate it will vary by less than \$2M or about 1% as a result of the ordinance. Other local revenue gains far outweigh this effect.

Fiscal impacts of these demand and supply adjustments are estimated using marginal tax rates estimated for median households in the covered occupations, reported by Forbes from Local, State, and Federal sources.

•The impacts on the wages of workers who make more than minimum wage and related upstream wage compression

BEAR: The assessment explicitly considers these wage “spillover” effects, as well as other indirect and induced impacts from wage changes directly resulting from the minimum wages.

•An analysis of cost passthrough

BEAR: Cost passthrough is included in the “overall economy” estimates (Section 4.3).

•Potential reductions in services and layoffs

BEAR: Because the analysis does not track individual enterprise adjustments, only net industry and occupational job impacts are measured, and these are positive because income-expenditure benefits far outweigh increased wage costs.

•Impacts to small business enterprise programs, small and local programs, and airport concessions disadvantaged business enterprise programs

BEAR: Businesses are modelled by individual (22) industries and employment by occupations (21), but not by size of enterprises. This would have to be the subject of a separate study, but some interpretative narrative on this issue is included in the report.

•Impacts to workers at different hotel types and sizes including limited services hotels, boutique hotels, and chain hotels

BEAR: Hotels in this study are modeled as a homogeneous industry – authoritative and comprehensive data on individual hotels was not available to follow these detailed industry features. This is also a feature to all three prior LA City minimum wage studies. Even if the industry complied with this request, developing reliable direct survey data would require time and resources far beyond the present study.

•Differences between hotels in different economic regions of the City

BEAR: See the previous response.

•Impacts on hotel debt service ratios and lending and debt service for the tourism industry

BEAR: No reliable data was provided by the industry to answer this question.

•Impacts to airline-funded capital improvement projects at LAX

BEAR: Not within the scope of this project, and no known data available without a dedicated survey. The CLA contacted Los Angeles World Airports (LAWA) regarding this request and the impact of increased wages for workers covered under the LWO was unclear and could not be studied rigorously.

•Assessment of current healthcare benefit practices, costs, and anticipated market conditions including employer and employee costs

BEAR: Official national (BLS) and state (EDD, DOF) sources, as well as LA City staff provided important inputs on existing patterns of benefit coverage, but this was limited in heterogeneity because little or no data were available directly from the industry.

•Alternative increase rates and timelines for implementation to mitigate undue economic impacts on employers of different sizes, types, and financial condition

BEAR: An alternative scenario was considered in the analysis to represent flexibility of the type suggested here (Appendix 4), but the impacts are very predictable. Deferring or reducing wage and other benefit increases merely lowers costs and benefits by roughly proportional amounts, less direct cost, less direct benefit and, more significantly, less absolute net benefit for the local and regional economies.

•Condition the drafting of an ordinance of a positive analysis after public hearings and stakeholder engagement

BEAR: Beyond scope of the consultancy.