

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: October 23, 2024

TO: Honorable Members of the Economic, Community Development, and Jobs Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No. 14-1371-S13

Living Wage Ordinance/Hotel Worker Minimum Wage Ordinance Report Back

SUMMARY

At its meeting on October 16, 2024, the Economic, Community Development, and Jobs Committee instructed the Chief Legislative Analyst (CLA) in consultation with the Bureau of Contract Administration (BCA) and City Attorney to identify data sources and solicit relevant feedback regarding the economic impacts of incrementally raising the Living Wage Ordinance (LWO) and Hotel Worker Minimum Wage Ordinance (HWMO) to \$30 an hour by 2028.

Committee members requested additional information from the Tourism department, BCA, and the current organization that performs the public housekeeping training for Santa Monica and West Hollywood. Our Office also contacted the California Hotel and Lodging Association (CHLA), which was the hotel industry data source cited in two separate transmittals sent to City personnel.

Since last week's meeting, our Office has not received any new data from hotel industry stakeholders or City personnel. New data received by Los Angeles Alliance for a New Economy (LAANE) was received and has been forwarded to the consultant for their review.

BACKGROUND

The data sources and input requested by the committee concerned different estimates for the number of hours worked by Airport workers, more stakeholder feedback from hotel industry stakeholders, additional information regarding the Public Housekeeping Training Requirement required by Santa Monica and West Hollywood, and feedback from the Chief Tourism Officer.

California Hotel and Lodging Association

In a letter to our Office along with multiple Councilmembers on September 12, 2024, the Alliance for Economic Fairness stated that the data used in the Berkeley Economic Advising and Research (BEAR) analysis is inaccurate because BEAR estimated the total number of impacted hotels at 111. The correspondence instead cites the California Hotel and Lodging Association stating "there are 412 hotels in the City of Los Angeles, of which there are 158 with 60+ rooms."

An Excel spreadsheet was also sent to our Office from CHLA on August 23, 2024, that included revenue figures and occupancy rates for an unspecified subset of hotels. After the committee meeting on October 16, our Office contacted CHLA and requested additional information regarding the data cited in both documents sent to our Office. Our Office requested a list of all hotels in the City of Los Angeles including the number of rooms, employees at the establishment, and associated operating costs; as of this date, these data have not been received.

Bureau of Contract Administration

Data gathered from audits performed by the Bureau of Contract Administration includes hours from Airport workers but needs more time to be fully assembled. Those data originate from worker complaints submitted to BCA and are therefore a specific subsample of violations. Our Office also contacted Los Angeles World Airports (LAWA) regarding the number of hours worked by employees covered by the LWO and have not received a response.

Chief Tourism Officer

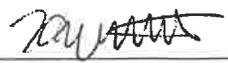
The Chief Tourism Officer stated he is skeptical of the BEAR study and the estimated price increases of 6 percent, although he is broadly supportive of worker wage increases. Instead, he communicated to our Office that the labor cost increases will lead to room rate increases and service reductions such as self-check-ins and housekeeping by request only. Multiple individuals affiliated with the tourism department referred our Office to a study performed by Oxford Economics, a study that was evaluated by BEAR on page 23 of Attachment B.

Public Housekeeping Training Requirement

The committee also requested additional information regarding the public housekeeping training requirement performed by Santa Monica and West Hollywood. The current housekeeping training organization certified by both cities is Kirkpatrick Enterprises International (KEI), a consultancy firm that provides workplace training to a diverse mixture of organizations such as auto parts makers, candle wax manufacturers, and lighting companies.

As part of their role performing housekeeping training, they primarily perform three 2-hour training modules in either English or Spanish that advise housekeepers of their workplace rights, inform them how to identify instances of human trafficking, and teach them how to perform efficient sanitation techniques. These modules can be offered in-person or virtually, or can be tailored to fit City needs.

KEI training services also include Enterprise Resource Planning (ERP), Management Skills, Leadership Skills, and Safety Culture, among others.


Henry Flatt
Analyst