**The Los Angeles City Council will discuss today a substitute ordinance intended to replace the Los Angeles International Hotels/Minimum Wage Ordinance, which was successfully rescinded after 103,000 signatures were collected to place a referendum on the May 15 ballot.**

Over the past several weeks, the L.A. Area Chamber has worked diligently with the mayor’s office, the City Council, the County Federation of Labor and the hotels at LAX to develop a compromise on a substitute ordinance, which would balance the interests of business and labor. We maintained our commitment to a compromise as we participated in a news conference on Jan. 31, announcing that the City Council would rescind the original ordinance and submit a substantially different substitute ordinance in the near future. We called the negotiations “a work in progress” and applauded the mayor's efforts to bring all parties to the table and the Council’s decision to rescind the original ordinance.

Despite hours of discussions with all parties at the table, the new ordinance is unacceptable for business and the Chamber cannot support it. That was the decision of the Chamber’s Board of Directors who reviewed the document during the weekend and concluded that the new ordinance is not substantially different from the original and provides no long-term assurances to the business community. As a result, we will continue to work with the broader business community to advocate for an ordinance that truly balances the interests of business and labor.

The new ordinance contains provisions discussed during the negotiations, but at the heart of both ordinances is the requirement that a private business having no contractual relationship with the city is required to pay a minimum wage higher than the state minimum wage, unless the business has a collective bargaining agreement with a labor union.

The ordinance outlines a series of taxpayer funded investments in the Century Boulevard corridor, but it does not provide any relief to the hotels regarding their primary concern, which is the base compensation of tipped employees who earn considerably more than the minimum wage outlined in the city’s living wage ordinance.

During the negotiations, the Chamber pressed for an assurance to employers in other industries that their businesses would not be targeted next. Provisions were added to make it more difficult to replicate what happened at LAX. But in the end, our board of directors concluded that these provisions are not strong enough to provide the business community with the long-term assurances it needs. Several of our board members reminded us that 10 years ago, when the living wage ordinance was adopted by the City Council, we were promised the new ordinance would only apply to businesses that voluntarily sought to do business with the city.

The business community in L.A. is united in opposition to the unprecedented government control contained in this ordinance. This type of government intervention in negotiations between labor and business discourages private investment in L.A. and detracts from, rather than aids, the creation of more high paying jobs in our community.

And that’s The Business Perspective.

Gary L. Toebben
The Business Perspective is a weekly opinion piece by Gary Toebben, President & CEO of the Los Angeles Area Chamber of Commerce, produced with the input of Senior Policy Advisor Rusty Hammer.