



Alliance for
**ECONOMIC
FAIRNESS**

April 4, 2025

Los Angeles City Council
200 N. Spring Street
Los Angeles, CA 90012

Mayor Karen Bass
City Hall
200 N. Spring Street
Los Angeles, CA 90012

RE: Opposition to (Council File 14-1371-S13): Los Angeles Living Wage Ordinance (LWO) / Los Angeles Hotel Worker Minimum Wage Ordinance (LA HWMO) / Wage Increase / Health Care Credit / Public Housekeeping Training / Amendments

Dear Mayor Bass and Honorable Members of the Los Angeles City Council,

On behalf of the broad and unified business community of the City of Los Angeles—including representatives from hospitality, travel, tourism, retail, airport concessions, small businesses, and major employers—we write to express our strong opposition to the recently published draft ordinance to enact the most expensive industries-specific minimum wages and benefits law in the country. Imposing unsustainable labor costs threatens not only businesses but also the very jobs these policies aim to protect. With Los Angeles facing a projected \$1 billion budget shortfall, the need to protect and revitalize key economic sectors has never been more critical. Without immediate policy intervention, the long-term damage could be irreversible. To ensure the city remains a thriving tourism destination and to mitigate further financial shortfalls, you must act now to prevent the collapse of our industries and the economic fallout that would inevitably follow.

The Ordinance Will Worsen the City's Budget Crisis

This ordinance, introduced under the banner of worker protection, imposes a sweeping and costly regulatory framework at a moment when Los Angeles can least afford it. The City is already facing significant economic strain, with the **Los Angeles City Administrative Officer projecting a budget deficit of over \$1 billion¹** in the upcoming fiscal year. The

¹ Testimony of City Administrative Officer Matt Zabo to the Los [Angeles City Council Budget and Finance Committee](#), March 4, 2025. Presentation [available here](#).

City’s budget shortfall is being driven by slowing revenues, rising pensions, and employee benefit obligations. The City’s budget was already in dire straits before the devastating January fires; now, the city is facing thousands of employee cuts and reduced services to make up the massive shortfall in city funding.

Travel and tourism recovery continues to lag

Tourism has not recovered to pre-pandemic levels, and the mass-cancellations and diminished visitor numbers resulting from the Palisades and Eaton fires will only further delay this recovery. According to a March 2025 report by LAWA, LAX traffic recovery has been “lagging behind the industry. January domestic traffic is 5.3% below last year.” The same report also cites “significant operating cost escalation and unit cost increase” in their financial planning outlook and “continuing personnel cost increases” as FY 25-26 cost pressures².

Enplanements continue to be below pre-pandemic levels. From the same report:

(in millions)	FY 2019 Actual	FY 2024 Actual	FY 2025 Budgeted	FY 2025 Projected	FY 2026 Projected	FY 2026 vs FY 2025 Projected		FY 2026 vs FY 2019 Actuals
						Difference	%	%
Domestic	31.2	26.5	28.0	26.2	26.6	0.4	2%	-17%
International	13.0	11.8	12.6	12.3	12.9	0.7	5%	-1%
Total	44.2	38.3	40.6	38.5	39.5	1.1	3%	-12%

The same lag can be seen in the city’s hotel economy as well and **these setbacks have contributed to a \$13.9 million shortfall in Transient Occupancy Tax (TOT) revenue already at mid-year FY24-25, following a \$14.3 million deficit from FY23-24.**

But it’s not just city finances that are impacted. As we have repeatedly said for the past two years since this idea was initial proposed, **Los Angeles’ travel and tourism economy is suffering. We have not recovered from COVID, and the impact of the fires to travel and tourism is further impacting our economic outlook.**

Hotels have closed. Concessionaires have left the airport. Airlines are relocating hubs and cutting flights and jobs at LAX. Restaurants are closing. **These are not hypothetical scenarios anymore; they are reality and it’s happening every day in this City.** For example,

- Allegiant Airlines will cease operations at LAX on September 2, 2025³

² LAWA Fiscal Year 2025-2026 Budget Update #1 [43346.pdf](#)

³ [Allegiant Updates Guidance, Moves To Cut LAX Base | Aviation Week Network](#)

- On April 3, 2025 American Airlines is ending service from San Jose to LAX⁴
- On May 7, 2025 Delta is stopping its 17-year route from Oakland to LAX⁵
- On June 3, 2025 JetBlue will eliminate LAX service from San Francisco International Airport⁶
- United Airlines' planned service between LAX and Toronto Pearson International Airport is no longer moving forward⁷
- American Airlines also removed flights between Flagstaff and LAX that were planned for later this year⁸
- Delta is also discontinuing its service between LAX and Papeete in French Polynesia, which was scheduled to resume in October 2025⁹
- Southwest Airlines is set to lay off employees at four major airports across the U.S., including **Los Angeles International Airport (LAX)**¹⁰
- Mama Shelter Los Angeles Hollywood, located at 6500 Selma Avenue, reported permanent closure and the loss of 89 jobs per a WARN Act notification¹¹
- Four Points by Sheraton, located at 9750 Airport Blvd, Los Angeles reported permanent closure and the loss of 181 jobs per a WARN Act notification¹²
- Planet Express (LAX), LLC located at 380 World Way, Los Angeles reported a permanent closure and the loss of 50 jobs per a WARN Act notification¹³
- Host International Inc., located at 1 World Way, Los Angeles, announced a permanent layoff of 151 employees per a WARN Act notification¹⁴
- Concord Collective Partners, a ACDBE business, recently announced eliminating all sever positions at their dine-in operations. This issue was raised directly by Gregory Plummer during a meeting with Council President Harris-Dawson and Councilmember Price, yet the information was ignored.

⁴ [Three airlines are dropping Bay Area routes to LAX this spring](#)

⁵ Ibid.

⁶ Ibid.

⁷ [United Airlines Dumps Los Angeles-Toronto Route 2 Months Before Start](#)

⁸ [American Airlines Pulls Seasonal Flights Between Flagstaff & Los Angeles Again](#)

⁹ [Delta Cuts 767 Operated Long-Haul Route from Los Angeles - Aviation A2Z](#)

¹⁰ Southwest Airlines Announces Job Cuts at LAX and Burbank Airports, Travel and Tour World, March 25, 2025 <https://www.travelandtourworld.com/news/article/southwest-airlines-announces-job-cuts-at-lax-and-burbank-airports/>

¹¹ Rooftop hot spot in Hollywood closes abruptly, KTLA News, February 4, 2025, <https://ktla.com/news/local-news/rooftop-hot-spot-in-hollywood-closes-abruptly/>

¹² Detailed WARN Report, California Economic Development Department, https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fedd.ca.gov%2Fsiteassets%2Ffiles%2Fj_obs_and_training%2Fwarn%2Fwarn_report1.xlsx&wdOrigin=BROWSELINK

¹³ Ibid.

¹⁴ Ibid.

- Paradies Lagardère, a leading airport retailer and restaurateur, has operated at LAX since 2013 through local joint ventures. The Olympic Wage increase will make operations unsustainable without significant rent relief. Without support, Paradies Lagardère will be forced to exit, putting at risk nearly 100 jobs as well as the investment and livelihood of our small business/ACDBE partners.

LA's hotel sector is at a breaking point. Currently, 20 Los Angeles-area hotels are on the Commercial Mortgage-Backed Securities (CMBS) loan default watchlist, and 38 hotels have commercial loans set to mature in 2025. The financial pressures caused by increased operating costs could push these properties into foreclosure, leading to job losses and a significantly diminished tax base for the city beyond the current shortfalls.

As we have stated repeatedly, the transient occupancy tax (TOT) is the largest source of unrestricted General Fund revenue for the City. This revenue source was decreasing *before* the fires and now FY24-25 TOT revenues for the city are anticipated to be significantly worse than the year before.

A recent study by the Los Angeles County Economic Development Corporation (LAEDC)¹⁵, commissioned by the Southern California Leadership Council, shows that **travel, hospitality, and consumer-facing industries remain in a precarious state** following the 2025 wildfires. The report projects **up to \$321 million in losses for the accommodation and food services sector alone**, with wider business disruptions costing the city up to **\$1.4 billion in lost tax revenue** over the next five years. Introducing major new mandates at this time—such as sharp wage increases, healthcare cost shifts, and rigid scheduling rules—will only **compound these losses** and make recovery even harder for Los Angeles' vital tourism economy.

As if the reduced revenue, lost jobs, and economic harm were not enough, a recent report from the Bureau of Contract Administration and the City Attorney's Office has indicated that enforcement of this proposed ordinance will require hiring five full-time staff, including a retention bonus and additional compensation in the amount of two premium levels (5.5 percent) above the person's hourly base rate *in addition* to any other premium level compensation. Ultimately, according to the report, the city will need 11 full-time staff but indicates that five will suffice in the short term to handle the most immediate tasks¹⁶.

In this context, **the ordinance does not reflect economic reality** and will make worse the budget crisis the city is already experiencing. The businesses most directly impacted—

¹⁵ Impact of 2025 Los Angeles Wildfires and Comparative Study, <https://laedc.org/wpcontent/uploads/2025/02/LAEDC-2025-LA-Wildfires-Study.pdf>

¹⁶ City of Los Angeles Interdepartmental Correspondence, March 5, 2025 [14-1371-s13_rpt_03-07-25.pdf](#)

hotels, airport service providers, and hospitality employers—are critical to our local economy and provide tens of thousands of middle-class jobs, especially for immigrant and working-class communities. Many were still recovering from pandemic-era losses and now must also adapt to ongoing reductions in travel and tourism due to the ongoing impacts of the fires.

At a time when business and government should be coming together to support recovery and rebuilding, this ordinance sends a message of instability and hostility to employers who have been and will continue to be critical to the City’s recovery.

The City Attorney is Acting Outside Council Orders

What is even more concerning is the way this legislation was expanded since the approved motion was passed by city council. **The inclusion of Section 188 was never instructed by or voted on by the City Council, never debated, and never subjected to any economic analysis or council committee process.** In effect, these provisions were **inserted through the back door by the City Attorney**—without transparency, stakeholder engagement, or deliberation by the full City Council.

Even the deeply flawed BEAR “study” did not include any mention of or quantified analysis of the impacts of such a policies on hotels throughout the City. Including this language in the final ordinance not only undermines the entire legislative process, but **invalidates the findings of the BEAR study**, as flawed as those findings were to begin with.

The Council rightly understood how disruptive these types of policy mandates can be to economic growth and recovery when you suspended the requirements for retailers in response to the fires that devastated our region. To see the City Attorney not just acting beyond the direction you provided, but to act in direct contradiction to the Council and Mayor during a declared emergency is troubling to say the least.

This circumvention of normal legislative process is not only procedurally flawed—it sets a dangerous precedent for policymaking in Los Angeles. Enacting major regulatory changes without public vetting undermines confidence in the rule of law and the integrity of our City’s governance. It is fundamentally undemocratic.

Los Angeles cannot achieve its economic and social goals by unilaterally placing the full burden on the private sector. We are ready to work with you on solutions that uplift workers **and** ensure businesses can thrive, invest, and grow in our city, but the City **must accept the economic realities** we are all facing together. This ordinance will only make worse the City’s revenue crisis and slow down fire recovery and job growth.

Simply put, the city cannot afford this ordinance at this time and ask the city to **delay the ordinance by a year**. This delay, similar to the proposed one-year delay in raises for City employees, will help avoid the widespread closures of hotels and other businesses, significant job losses, and a weakened tourism economy that will negatively impact all visitors perception of the city during the upcoming World Cup and Summer Olympic Games.

Sincerely,

A handwritten signature in blue ink that reads "Maria S. Salinas". The signature is written in a cursive style.

Maria S. Salinas
President, Los Angeles Area Chamber of Commerce
Chairperson, Alliance for Economic Fairness

CC: All Council Offices
Mayor Karen Bass
Rachel Freeman, Deputy Mayor for Business and Economic Development
Holly Wolcott, City Clerk
Petty Santos, Executive Officer, Office of the City Clerk
Sharon Tso, Chief Legislative Analyst
Matthew Szabo, Chief Administrative Officer
Members, Los Angeles Delegation, California Legislature