



**PUBLIC REQUEST TO ADDRESS
THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, CALIFORNIA**

MEMBERS OF THE BOARD

HILDA L. SOLIS
HOLLY J. MITCHELL
LINDSEY P. HORVATH
JANICE HAHN
KATHRYN BARGER

Correspondence Received

			The following individuals submitted comments on agenda item:	
Agenda #	Relate To	Position	Name	Comments
9.		Favor	Genevieve M Clavreul	
			Hector Ramirez	
			Jonathan Pacheco Bell	
		Oppose	Denise Kniter	<p>We are writing to express our strong opposition to the Hotel Worker Protection Motion, as written. Los Angeles has already lost business conferences, conventions, and other travel, to neighboring cities due to our inability to compete financially in these market conditions. In the Tourism ecosystem, this reverberates into our communities and disproportionately effects small businesses, who are least able to weather a decrease in expected revenue.</p> <p>The loss in Transient Occupancy Tax (TOT) is already apparent in the city of Los Angeles, and is a significant concern for the 2024 Budget cycle. Numerous services, including homelessness outreach and support services, rely on the funding provided by TOT. We cannot undermine our county, our region, our small businesses, and our working families by replicating an ordinance that has harmed the city. The LA ordinance has halted new construction, shrunk service, and cost work and contracts to our regional economy. izFed supports the amendments outlined by the Hotel Association of Los Angeles, including changing the square footage limitations to 7500 square feet for hotels with fewer than forty guest rooms, and 6500 square feet for hotels with forty or more guest rooms.</p> <p>We appreciate your consideration of our remarks, and strongly urge you to incorporate amendments into the current motion language. For questions on our position, please contact Denise.Kniter@bizfed.org</p>
			Emily Miller	
			Tim Riley	
		Other	Chase Hardage	Proposal needs further study to consider the heavy financial impact on those currently with ground leases with the County of Los Angeles
			Janet Zaldua	On behalf of Marina del Rey Tourism Board, we request a delay proceeding with drafting the ordinance until further evaluation is conducted related to the requirements. We also request clarification from the Board regarding the unreasonable rush on the timeline and to identify the compelling reasons driving this unwarranted sense of urgency.
		Item Total	8	

As of: 8/9/2023 8:17:30 AM

Grand Total			8	
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August 5, 2023

Supervisor Lindesy Horvath
500 W. Temple Street. Room 821
Los Angeles, CA 90012

RE: Agenda Item 9 – Hotel Worker Protections - OPPOSE

Dear Supervisor Horvath,

We are writing you on behalf of BizFed, the Los Angeles County Business Federation, an alliance of over 235 diverse business associations who represent 420,000 employers with 5 million employees in Los Angeles County. We are writing to **express our strong opposition to the Hotel Worker Protection Motion, as written.**

The California Hotel & Lodging Association (CHLA) has since engaged Tourism Economics to analyze the economic impact of the Hotel Worker Protection Ordinance (HWPO) that took effect in August 2022 within the City of Los Angeles, CA. **These impacts are expected to result in broader losses to the Los Angeles economy.** Specifically, we anticipate that the loss of visitor spending and loss of hotel capital spending will result in the: **loss of 5,856 jobs** in other sectors of the economy, including **the loss of 1,542 direct hotel construction and renovation jobs.** Overall, there is an estimated \$51.5 million decrease in state and local tax revenues in 2025 as a result of HWPO.

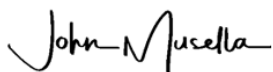
Los Angeles has already lost business conferences, conventions, and other travel, to neighboring cities due to our inability to compete financially in these market conditions. In the Tourism ecosystem, this reverberates into our communities and disproportionately effects small businesses, who are least able to weather a decrease in expected revenue.

The loss in Transient Occupancy Tax (TOT) is already apparent in the city of Los Angeles, and is a significant concern for the 2024 Budget cycle. **Numerous services, including homelessness outreach and support services, rely on the funding provided by TOT.** We cannot undermine our county, our region, our small businesses, and our working families by replicating an ordinance that has harmed the city. The LA ordinance has halted new construction, shrunk service, and cost work and contracts to our regional economy.

BizFed supports the amendments outlined by the Hotel Association of Los Angeles, including changing the square footage limitations to 7500 square feet for hotels with fewer than forty guest rooms, and 6500 square feet for hotels with forty or more guest rooms.

We appreciate your consideration of our remarks, and strongly urge you to incorporate amendments into the current motion language. For questions on our position, please contact Denise.Kniter@bizfed.org

Sincerely,



John Musella
BizFed Chair
Santa Clarita Valley Chamber



David Fleming
BizFed Founding Chair



Tracy Hernandez
BizFed Founding CEO



David Englin
BizFed President

BizFed Association Members

7-11 Franchise Owners Association for SoCal
Action Apartment Association
Alhambra Chamber
American Beverage Association
Antelope Valley Chamber formerly Lancaster Chamber of Commerce
Apartment Association of Greater Los Angeles
Apartment Association, CA Southern Cities, Inc .
Arcadia Association of Realtors
AREAA North Los Angeles SFV SCV
Armenian Trade & Labor Association
Arts District Los Angeles
Associated Builders & Contractors SoCal (ABC SoCal)
Association of Club Executives
Association of Independent Commercial Producers
AV Edge California
Azusa Chamber
Beverly Hills Bar Association
Beverly Hills Chamber
BioCom
Black Business Association
BNI4SUCCESS
Bowling Centers of SoCal
Boyle Heights Chamber of Commerce
Building Industry Association - LA/Ventura Counties
Building Industry Association of Southern California
Building Industry Association- Baldyview
Building Owners & Managers Association of Greater Los Angeles
Burbank Association of Realtors
Burbank Chamber of Commerce
Business and Industry Council for Emergency Planning and Preparedness
Business Resource Group
CABIA California Business and Industrial Alliance
Calabasas Chamber of Commerce
CalAsian Chamber
CalChamber
California Apartment Association- Los Angeles
California Asphalt Pavement Association
California Bankers Association
California Business Properties
California Business Roundtable
California Cannabis Industry Association
California Cleaners Association
California Contract Cities Association
California Fashion Association
California Gaming Association
California Grocers Association
California Hispanic Chamber
California Hotel & Lodging Association
California Independent Oil Marketers Association (CIOMA)
California Independent Petroleum Association
California Life Sciences Association
California Manufacturers & Technology Association
California Metals Coalition
California Natural Gas Producers Association
California Restaurant Association
California Retailers Association
California Self Storage Association
California Small Business Alliance
California Society of CPAs - Los Angeles Chapter
California Trucking Association+
Carson Chamber of Commerce
Carson Dominguez Employers Alliance
Central City Association
Century City Chamber of Commerce
Cerritos Regional Chamber of Commerce
Chatsworth Porter Ranch Chamber of Commerce
Citrus Valley Association of Realtors
Claremont Chamber of Commerce
Commercial Industrial Council/Chamber of Commerce
Compton Chamber of Commerce
Construction Industry Air Quality Coalition
Construction Industry Coalition on Water Quality
Council on Infil Builders
Crenshaw Chamber of Commerce

Culver City Chamber of Commerce
Downey Association of REALTORS
Downey Chamber of Commerce
Downtown Alhambra Business Association
Downtown Center Business Improvement District
Downtown Long Beach Alliance
El Monte/South El Monte Chamber
El Segundo Chamber of Commerce
Employers Group
Encino Chamber of Commerce
Energy Independence Now EIN
Engineering Contractor's Association
FastLink DTLA
Filipino American Chamber of Commerce
Friends of Hollywood Central Park
FuturePorts
Gardena Valley Chamber
Gateway to LA
Glendale Association of Realtors
Glendale Chamber
Glendora Chamber
Greater Antelope Valley AOR
Greater Bakersfield Chamber of Commerce
Greater Lakewood Chamber of Commerce
Greater Leimert Park Crenshaw Corridor BID
Greater Los Angeles African American Chamber
Greater Los Angeles Association of Realtors
Greater Los Angeles New Car Dealers Association
Greater San Fernando Valley Chamber
Harbor Association of Industry and Commerce
Harbor Trucking Association
Historic Core BID of Downtown Los Angeles
Hollywood Chamber
Hong Kong Trade Development Council
Hospital Association of Southern California
Hotel Association of Los Angeles
Huntington Park Area Chamber of Commerce
ICBWA- International Cannabis Women Business Association
Independent Cities Association
Industrial Environmental Association
Industry Business Council
Inglewood Board of Real Estate
Inland Empire Economic Partnership
International Franchise Association
Irwindale Chamber of Commerce
Kombucha Brewers International
La Cañada Flintridge Chamber
LA Coalition
LA Fashion District BID
LA South Chamber of Commerce
Larchmont Boulevard Association
Latin Business Association
Latino Food Industry Association
Latino Restaurant Association
LAX Coastal Area Chamber
League of California Cities
Long Beach Area Chamber
Long Beach Economic Partnership
Los Angeles Area Chamber
Los Angeles Economic Development Center
Los Angeles Gateway Chamber of Commerce
Los Angeles Latino Chamber
Los Angeles LGBTQ Chamber of Commerce
Los Angeles Parking Association
Los Angeles World Affairs Council/Town Hall
Los Angeles
MADIA
Malibu Chamber of Commerce
Manhattan Beach Chamber of Commerce
Marketplace Industry Association
Monrovia Chamber
Motion Picture Association of America, Inc.
MoveLA
MultiCultural Business Alliance
NAIOP Southern California Chapter
NAREIT
National Association of Minority Contractors
National Association of Tobacco Outlets
National Association of Women Business Owners
National Association of Women Business Owners - LA
National Association of Women Business Owners- California

National Federation of Independent Business Owners California
National Hookah
National Latina Business Women's Association
Orange County Business Council
Orange County Hispanic Chamber of Commerce
Pacific Merchant Shipping Association
Panorama City Chamber of Commerce
Paramount Chamber of Commerce
Pasadena Chamber
Pasadena Foothills Association of Realtors
PGA
PhRMA
Pico Rivera Chamber of Commerce
Planned Parenthood Affiliates of California
Pomona Chamber
Rancho Southeast REALTORS
ReadyNation California
Recording Industry Association of America
Regional CAL Black Chamber, SVF
Regional Hispanic Chambers
San Dimas Chamber of Commerce
San Gabriel Chamber of Commerce
San Gabriel Valley Economic Partnership
San Pedro Peninsula Chamber
Santa Clarita Valley Chamber
Santa Clarita Valley Economic Development Corp.
Santa Monica Chamber of Commerce
Sherman Oaks Chamber
South Bay Association of Chambers
South Bay Association of Realtors
South Gate Chamber of Commerce
South Pasadena Chamber of Commerce
Southern California Contractors Association
Southern California Golf Association
Southern California Grantmakers
Southern California Leadership Council
Southern California Minority Suppliers Development Council Inc.
Southern California Water Coalition
Southland Regional Association of Realtors
Sportfishing Association of California
Structural Engineers Association of Southern California
Sunland/Tujunga Chamber
Sunset Strip Business Improvement District
Torrance Area Chamber
Tri-Counties Association of Realtors
United Cannabis Business Association
United Chambers - San Fernando Valley & Region
United States-Mexico Chamber
Unmanned Autonomous Vehicle Systems Association
US Green Building Council
US Resiliency Council
Valley Economic Alliance, The
Valley Industry & Commerce Association
Venice Chamber of Commerce
Vermont Slauson Economic Development Corporation
Veterans in Business
Vietnamese American Chamber
Warner Center Association
West Hollywood Chamber
West Hollywood Design District
West Los Angeles Chamber
West San Gabriel Valley Association of Realtors
West Valley/Warner Center Chamber
Western Electrical Contractors Association
Western Manufactured Housing Association
Western States Petroleum Association
Westside Council of Chambers
Whittier Chamber of Commerce
Wilmington Chamber
Women's Business Enterprise Council
World Trade Center

Hotel operator comments gathered during Tourism Economics research

“For most properties it’s about a doubling of labor costs in housekeeping. Many room attendants going from cleaning 14 rooms a day to 8 or 9, and then you need to add a manager position for oversight/record keeping, and double the number of carts/room cleaning products.”

“Here housekeepers did 15 rooms a day previously, now it’s 7 rooms a day. Where we can, we pay the double time and they do 16 rooms.... But the staff only want to do that once or twice a week because it’s physically tiring.”

[Cost increases represent an impact of \$3.4 million annually at one large hotel, and \$3.8 million annually at another. All in increased labor and payroll costs.]

“Our ADR would need to increase \$8 to cover the cost. We would lose too much demand with that increase. So an ADR increase alone won’t cover it.”

“We are charging a fee. We reevaluate it every quarter. Our cost POR for the four quarter was \$13 higher, if you add the fee and tax we’re charging \$16 more.”

“There are unintended consequences of this. If you want to build more hotels, this is a disincentive because they have driven the cost much more than the model can work.”

“This has negatively impacted our financials by raising labor costs substantially during an already difficult time coming out of the yearly losses caused by the pandemic and also dealing with a depleted labor market - hotels did not have an opportunity to be a part of the due diligence and provide feedback before this was forcibly and irresponsibly implemented.”

“Before the ordinance, room attendant cleaned 10-11 suites. Now they can only clean 4 suites.”

“Due to the ordinance our Rooms cost per occupied room has increased significantly.”
[selected 25% increase regarding direct increase in cost]

“Our room attendants do not like it. It has extra cost not to mention the record keeping nightmare.”

“The ordinance hurts the business. The hotel cannot provide same level of service to the guests which makes them look elsewhere. Hotel suffers loss due to reduced business and increased payroll”

“Biggest challenge has been to hire staffing in housekeeping to accommodate the stayover service. Currently running with 70% Temp Workers which is far from ideal. We’ve increased room attendants starting wages to \$22/hr, lowered their insurance rates and added new benefits... still not getting applicants interested or who can pass eVerify.”

“Rooms were put OOO due to the ordinance due to never having enough cleaning staff due to the requirements (that mirror the Union's closely). The hotel struggled. And it wasn't upper management that had to face the angry guests. It was those that were barely being paid \$20 an hour.”

“We had to add one Housekeeping Clerk just to process the extremely complicated daily room assignments ensuring to be in compliance. We had to purchase additional Housekeeping Carts and Vacuum Cleaners at cost of \$14,900.

Due to general national staffing shortages and the extreme local demand for housekeeping staff due to this ordinance, we don’t foresee to be able to staff sufficiently in the near future.”

Per the City of Los Angeles Tourism Master Plan – Page 35: “Los Angeles should also monitor and develop the quality of the existing supply in order to promote repeat visitation to the destination by leisure and business travelers alike. Research for the Tourism Master Plan identified that only 48% of hotels in the Greater Los Angeles area are rated by visitors as very good or excellent in TripAdvisor—placing Los Angeles behind 11 other competing destinations. “

August 7, 2023,

Los Angeles County Board of Supervisors:

The California Hospitality United Coalition represents social justice organizations, small businesses, and local and minority chambers of commerce as a united coalition protecting hospitality jobs and strengthening the economy. We are writing to you regarding Agenda Item 9: Hotel Worker Protection Ordinance (HWPO).

The HWPO has two main elements. The first element of the ordinance mandates that hotels provide panic buttons for housekeepers and other employees who work alone. You will find broad agreement within the hospitality industry that panic buttons are a critical element for employee safety which is why many hotels already voluntarily provide them to their employees. A standalone ordinance that creates uniformity across the county for panic buttons in hotels would be broadly supported.

However, the second element that creates square footage cleaning limitations for hotel housekeepers will slash productivity at a time when wages are increasing. Less work for more pay is not economically sustainable. In fact, numerous economic studies have demonstrated that these severe workload limitations have significant unintended consequences that damage the broader economy, destroy jobs, and reduce local tax revenue.

Oxford Economics analyzed the impact of a similar ordinance passed by the city of Los Angeles last year. The study found that their HWPO results in an annual:

- 5.0% decline in occupied hotel room nights
- \$603.3 million of lost direct economic activity
- \$335.8 million less visitor spending
- \$267.5 million less hotel capital spending
- \$51.5 million decrease in state and local tax revenues
- 5,856 lost jobs

When the cost of living is at an all-time high and homelessness continues to rise, Los Angeles County cannot afford destructive policies that will weaken our economy and cost our communities jobs. Government mandated workload limitations should not be imposed without considering the consequences and consulting the businesses that will be impacted.

To reiterate, we urge the Board of Supervisors to amend the current proposal to create a standalone worker protection ordinance similar to the ordinance recently passed by Anaheim City Council. Additionally, we respectfully ask that you work with the hospitality industry to create a balanced policy solution with regard to hotel workload limitations.

Sincerely,
Lynn S. Mohrfeld, CAE
President & CEO, California Hotel & Lodging Association

Attached: The California Hospitality United Coalition member list

The California Hospitality United Coalition

Together, we're Committed to Protecting California's Hospitality, Economy, and Jobs.

Chambers of Commerce

Antelope Valley Chambers of Commerce
Beverly Hills Chamber of Commerce
Brea Chamber of Commerce
Burbank Chamber of Commerce
California Delta Chambers & Visitors Bureau
California Hispanic Chambers of Commerce
Century City Chamber of Commerce
Costa Mesa Chamber of Commerce
Culver City Chamber of Commerce
El Dorado County Chamber of Commerce
El Dorado Hills Chamber of Commerce
Garden Grove Chamber of Commerce
Greater Reedley Chamber of Commerce
Greater Riverside Chambers of Commerce
Greater San Fernando Valley Chamber of Commerce
Hispanic Chambers of Commerce San Francisco
Inland Empire Regional Chamber of Commerce
La Canada Flintridge Chamber of Commerce
Lodi Chamber of Commerce
Long Beach Area Chamber of Commerce
Los Angeles Area Chamber of Commerce
Malibu Pacific Palisades Chamber of Commerce
Oceanside Chamber of Commerce
Petaluma Area Chamber of Commerce
Pomona Chamber of Commerce
Rancho Cordova Area Chamber of Commerce
Rancho Mirage Chamber of Commerce
Redondo Beach Chamber of Commerce
Regional Chamber of Commerce San Gabriel Valley
Regional Hispanic Chamber of Commerce
San Francisco Filipino American Chamber of Commerce
San Mateo Chamber of Commerce
San Pedro Chamber of Commerce
San Ramon Chamber of Commerce
Santa Maria Valley Chamber of Commerce
Santee Chamber of Commerce
Silicon Valley Central Chamber & CVB
South Bay Association of Chambers of Commerce
Torrance Area Chamber of Commerce
Tulare Chamber of Commerce
Walnut Creek Chamber of Commerce & Visitors Bureau
West Hollywood Chamber of Commerce
Westside Council of Chambers of Commerce
Yorba Linda Chamber Of Commerce

Hospitality

California Restaurant Association
California Travel Association
Northeast Los Angeles Hotel Owners Association
Sonesta Camarillo

Taiwan Hotel and Motel Association of Southern California
The Greater Los Angeles Hospitality Association
Ventura County Lodging Association
American Hotel & Lodging Association
Asian American Hotel Owners Association
Bayside Hotel Group
Best Western Hotels and Resorts
Camarillo Hotel & Tourism Association
Hotel Council of San Francisco Hoteliers

Visitor Bureaus

Visit Sacramento
Visit SLO CAL
Visit Stockton
Visit Vacaville
Visit Ventura
Yolo County Visitors Bureau/Visit Yolo
Destination Irvine
Greater Ontario Convention & Visitors Bureau
Marina del Rey Tourism Board
Travel Santa Ana
Visit Greater Palm Springs

Businesses & Taxpayer Groups

California Retailers Association
California Taxpayer Protection Committee
California Taxpayers Coalition
Central Valley Taxpayers Assoc
San Diego Tax Fighters
Placer County Taxpayers Association
Seaside Taxpayers Association
AAHOA Director at Large Eastern Division
Asian Industry B2B
California Business and Industrial Alliance
California Business Properties Association
California Business Roundtable
Central City Association of Los Angeles
Fairmont Century Plaza
Inland Empire Economic Partnership
Los Angeles County Business Federation
National Federation of Independent Business
Orange County Business Council
Protect Culver City
R Street Sacramento Partnership
The Hollywood Partnership
United Latinos Action
Valley Industry & Commerce Association
West Ventura County Business Alliance



MARINA DEL REY TOURISM BOARD

August 4, 2023

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

On behalf of the hospitality businesses in Marina del Rey, the Marina del Rey Tourism Board respectfully requests that the County of Los Angeles withhold proceeding with drafting the Hotel Worker Protections ordinance as instructed in the recent motion by Supervisors Solis and Horvath, listed in Agenda Item #9.

Furthermore, we request that the Board considers instructing the County Counsel to reevaluate the workload limitations based on square footage requirements, as outlined in 1D of the proposed motion. A careful reassessment of increasing the square footage requirements can significantly contribute to a more equitable and workable framework for all parties involved.

Lastly, we request clarification from the Board regarding the unreasonable rush on the timeline and to identify the compelling reasons driving this unwarranted sense of urgency.

We appreciate the County's commitment to safeguarding the well-being of hotel employees and fostering a secure working environment. While we wholeheartedly share the goal of prioritizing staff safety, we would like to draw attention to the potential implications that the proposed requirements could have on existing and prospective hospitality tenants in Marina del Rey.

Specifically, it is essential for the County to consider the impact on housekeeping budgets, staffing levels, and overall operations within the hospitality businesses in the Marina, as well as the eventual cost transfer to hotel guests. This ordinance will not just marginally increase housekeeping expenses but will, in fact, more than double them. Such a substantial financial burden would be unsustainable for our tourism community and will lead to severe consequences for hotels in the Marina. Increasing costs by millions of dollars for a single property will push establishments to their limits, making it impossible for them to maintain their current staffing levels. The unfortunate result will be reduction in hours for hardworking staff members and loss of health benefits, leading to an adverse impact on their livelihoods and overall well-being.

We implore you to withhold drafting the ordinance and consider our input and collaboration. The requirements alone will significantly place a burden on hotels, particularly at a time when numerous hospitality businesses are already challenged by escalated labor and operational expenses stemming from labor shortages and the challenging process of pandemic recovery. While tourism was on the rebound in 2022, the number of visitors in 2023 is down throughout Los Angeles due to the resurgence of international travel options and the impact of inflation on consumer spending behavior.

We firmly believe that a balanced and thoughtful approach to decision-making, one that addresses the concerns of both hotel workers and hotel operators, will pave the way for an ordinance that reflects the best interests of our hospitality workers and business community. As elected officials, we trust that you will carefully consider these aspects before making any final decisions. The Marina del Rey Tourism Board remains open to engaging in constructive dialogue to find a mutually beneficial solution.

Sincerely,

A handwritten signature in black ink, appearing to read 'Janet Zaldua', written in a cursive style.

Janet Zaldua
CEO
Marina del Rey Tourism Board

Hardage Hospitality
12555 High Bluff Drive, Suite 330
San Diego, CA 92130

August 7, 2023

Dear Supervisors,

I represent the Courtyard and Residence Inn in Marina del Rey. We ask that you consider further the impacts of the Hotel Worker Protection Ordinance as proposed. The current proposal would be extremely problematic in regards to the limitation of cleaning rooms on a per square foot basis. These are not merely marginal cost increases, and in some instances would nearly double our housekeeping budget. The housekeeping department is already the largest in hotel operations and would be place an extremely heavy burden on the finances of the hotel. Furthermore, given the larger room sizes of our Residence Inn tower, we would be even more severely impacted by the Ordinance as proposed. This would ultimately result in a reduction of services that would be unfair to not only our associates, but the many guests that visit us each year.

We request that the Board and County Counsel consider changing the required square footage as follows: increase from 4,500 to 7,500 square feet of floor space for hotels with fewer than forty guest rooms; and increase from 3,500 to 6,500 square feet for hotels with forty or more guest rooms as outlined in Section 1D of Agenda Item #9.

In addition, it is already a Marriott brand standard to provide our housekeeping staff with Panic Buttons. We have already done so and support the protection of our associates in guest rooms.

With regards to the proposed housekeeping training, we ask that this part of the motion be reconsidered as well. Marriott has spent decades developing the highest standards of guest service for our associates, and it would seem unnecessary to send our staff to an outside origination that may not follow these same high standards. In order to avoid any confusion this would bring our associates in performing their daily duties, we request that the outside training organization be presented as an option and not a requirement.

Please consider the impact on housekeeping budgets, staffing levels, and overall operations within the hospitality businesses, as well as the eventual cost transfer to hotel guests.

Thank you for your consideration.

Respectfully,



Chase Hardage

Vice President of Operations

CITY OF LOS ANGELES HOTEL WORKER PROTECTION ORDINANCE ECONOMIC IMPACT ANALYSIS

Prepared for:
California Hotel & Lodging Association
March 14, 2023



WWW.TOURISMECONOMICS.COM

About Tourism Economics



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality , Quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 250 professional economists and analysts; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford economics has offices in London, Oxford, Dubai, Philadelphia and Belfast.

For more information:

info@tourismeconomics.com

EXECUTIVE SUMMARY

The California Hotel & Lodging Association (CHLA) engaged Tourism Economics to analyze the economic impact of the Hotel Worker Protection Ordinance (HWPO) that took effect in August 2022 within the City of Los Angeles, CA. We developed an understanding of the HWPO and its impact on hotel operations and prepared an economic model to quantify its expected impacts.

Key Observations

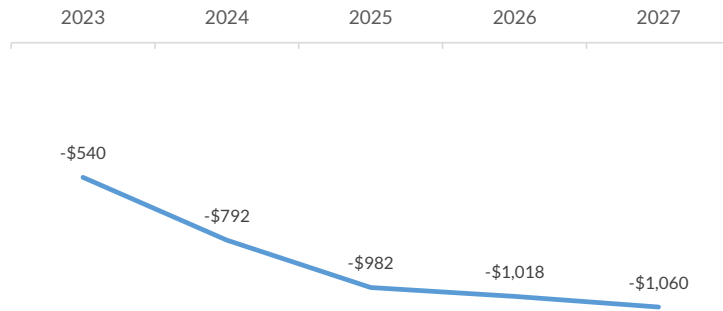
- Overall, in 2025 as an example year, we estimate that with the HWPO, Los Angeles will experience:
 - 6.8% higher hotel average daily rate (ADR)
 - **5.0% decline in occupied hotel room nights**
 - **\$603.3 million of lost direct economic activity, including \$335.8 million less visitor spending and \$267.5 million less hotel capital spending**
- These impacts are expected to result in broader losses to the Los Angeles economy. Specifically, we anticipate that the loss of visitor spending and loss of hotel capital spending will result in the:
 - **loss of 5,856 jobs** in other sectors of the economy,
 - including the **loss of 1,542 direct hotel construction and renovation jobs**.
- Overall, we estimate a:
 - **\$51.5 million decrease in state and local tax revenues** in 2025 as a result of HWPO, reflecting a \$4.8 million increase in lodging taxes due to higher room rates but declines in other tax categories.
- The HWPO contains several provisions. Of these, the most significant impact to hotel operations results from workload limitations for room attendants that restrict the amount of space they are permitted to clean each day at standard pay. Hotels have adjusted operations in response to these restrictions, such as by hiring additional staff or/or paying twice standard pay.
- Overall, as a result of HWPO, hotels are experiencing an approximate doubling of housekeeping labor costs (room attendants and managers).
- We quantified how we anticipate this cost increase will impact the Los Angeles hotel market over time, relative to an alternative scenario without the HWPO. We have used 2025 as a summary year, allowing several years for hotel operations and customer behavior to adapt to the change.
- In our analysis, we anticipate that hotels will continue to respond to higher labor costs per occupied room by: (1) increasing ADR and fees, (2) reducing services and staff in other departments, (3) scaling back planned renovations. We also anticipate that the development of new hotels in the market will slow.
- As travelers, including meetings and groups, respond to higher room rates and reduced services, we expect hotel demand will decline relative to the alternative scenario without the HWPO, resulting in less visitor spending in Los Angeles.

EXECUTIVE SUMMARY

The accompanying figures illustrate impacts due to the HWPO relative to an alternative scenario without the ordinance. We have used 2025 as an example year.

Total lost economic output (business sales)

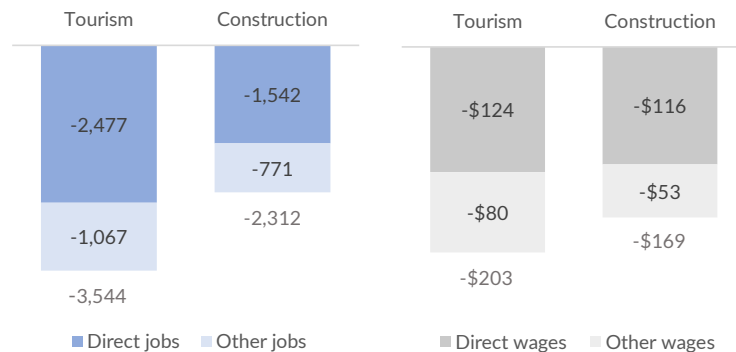
City of Los Angeles, compared to scenario without HWPO, in millions



Source: Tourism Economics

Total lost jobs and wages in 2025

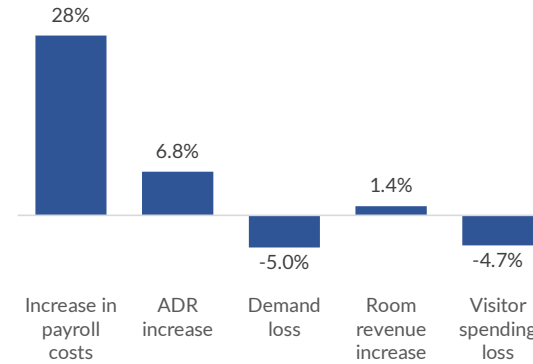
City of Los Angeles, compared to scenario without HWPO, \$ in millions



Source: Tourism Economics

HWPO impact to tourism in 2025

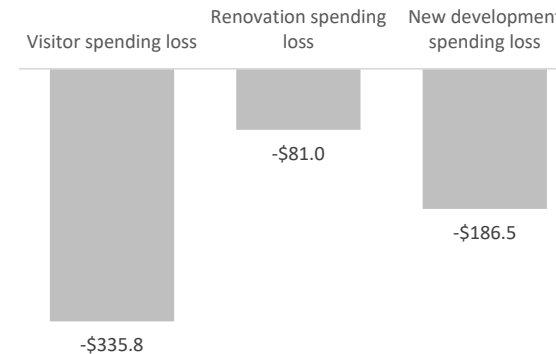
City of Los Angeles, % compared to scenario without ordinance



Source: STR, Tourism Economics

HWPO impact in 2025

City of Los Angeles, in millions



Source: STR, Tourism Economics

ORDINANCE SUMMARY

On June 28, 2022, the Los Angeles City Council approved a new Hotel Worker Protection Ordinance (HWPO) that went into effect on August 12, 2022. The HWPO contains several provisions. Of these, the most significant impact to hotel operations results from workload limitations for room attendants. The restrictions include limits on the amount of guest room space that room attendants may clean in a day. These limits are reduced in certain cases, such as attendants assigned rooms to clean that are on several different floors.

Hotels are responding to these restrictions in a variety of ways. In some cases, room attendants are cleaning more rooms than the limitation, and as stipulated in HWPO, hotels are paying staff double the standard rate for each day. The double rate of pay applies to every hour worked that day including hours worked before square footage limit has been reached. In other cases, hotels are hiring additional room attendants, while looking to reduce other staffing at the property. Some properties are taking rooms out of inventory temporarily due to lack of staffing.

The following are measures from the new Hotel Worker Protection Ordinance.

- 1) installation of panic buttons
- 2) on-call security for hotels with 60+ rooms or annual manager training with fewer than 60 rooms,
- 3) leave for employees who activate a panic button
- 4) documented attendance for annual staff training regarding maintenance and use of panic buttons
- 5) signage installation

Daily Square Footage Limitations

- Hotels with less than 45 rooms: Does not apply
- Hotels with 45-60 rooms: 4,000 square feet
- Hotels with 60+ rooms: 3,500 square feet

Square Footage Reductions (500 square feet each)

- Each special attention room or room with rollout bed assigned in excess of five rooms
- Each additional building assigned
- Each additional floor assigned in excess of two floors

ORDINANCE SCOPE

The Citywide Hotel Worker Minimum Wage Ordinance was also amended. Previously, the elevated minimum wage and time off requirements for hotel workers only applied to workers in hotels with 150+ guest rooms. Hotels with 60+ rooms are now included under the same requirements, thus expanding the minimum wage requirement to cover an additional 17% of Los Angeles hotels.

This is effectively a minimum wage raise from \$16.04/hour to \$18.86/hour for that group among additional time off requirements. The hotel worker minimum wage will adjust annually with the City of Los Angeles minimum wage.

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Supply share of Los Angeles hotels

Percent of Los Angeles market share

	<u>Hotels</u>	<u>Rooms</u>
Hotels with less than 45 rooms	54%	13%
Hotels with between 45 and 59 rooms	9%	4%
Hotels with between 60 and 149 rooms	17%	14%
Hotels with 150+ rooms	20%	69%

Source: STR (February 2023)

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The Hotel Association of Los Angeles fielded a survey of hotel operators in February 2023 to better understand operational impacts and general response to the HWPO.

Key results are summarized as follows. Each percentage reflects the share of hotel operators:

- 71% report they are not considering a renovation this year;
- 50% report they have postponed maintenance or renovations that otherwise would have occurred; and,
- 75% report they have already reduced staff, services, or taken other cost containment steps;
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In summary, hotel operators have already been responding to the HWPO with multiple changes. Many of these changes include increasing rates or fees and/or decreasing services, acknowledging that one result will be fewer occupied rooms.

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As part of this analysis:

- we reviewed the HWPO;
- held discussions with four teams of senior hotel operators in the City of Los Angeles that have been making operating changes in response to HWPO and that have been preparing financial budgets for future periods;
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Our analysis included four primary steps. We:

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2. estimated how occupied room nights and visitor spending would change in response to higher room rates and reduced services;
3. estimated how hotel renovation activity and new hotel construction would slow as a result of reduced operating cash flow; and,
4. quantified the economic impacts of reduced visitor spending and reduced hotel capital spending.

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The following describes key aspects of our analysis. All changes refer to changes in the current situation with HWPO relative to an alternative scenario without HWPO. In the discussion we have focused on 2025 as an example year, as it allows time for hotel operating changes and traveler behavior to adjust.

Tourism impact

- **We estimate on average in the market that hotels will increase ADR by approximately \$14.65 (6.8%) by 2025 due to HWPO (through ADR increases or through added fees).**
- As a result of higher ADR and reductions to service levels, renovations and construction, we expect a decrease of demand (occupied hotel room nights) of approximately 5.0%.
- **With a 5.0% decrease in demand, we estimate a 4.7% decrease in visitor spending, equivalent to \$335.8 million less visitor spending in 2025.**
- Higher ADR will discourage some travelers from staying in the City of Los Angeles or will cause them to reduce their length of stay. For example, planners for some meetings and group events are anticipated to select other markets that offer more competitive pricing. Some travelers will select other destinations or choose to stay at hotels that are outside the City of Los Angeles. Other guests may choose to shorten their trip.
- Reduced service levels as hotels seek to cut other costs, such as by reducing hours at restaurants, reducing staffing, and closing on-site amenities, will also impact traveler choices over time.
- Lastly, reduced spending on hotel renovations will make hotels in the City of Los Angeles less attractive to travelers over time.
- With higher ADR, but lower demand, hotel revenue is estimated to increase by only \$30.0 million. This will only cover part of the \$110.3 million of increased payroll costs for hotels.
- We quantified the lost business sales, jobs and tax revenues associated with this decrease in visitor spending.
- Initially, hotels subject to the HWPO are experiencing an approximately 100% increase in housekeeping payroll costs per occupied room. This is occurring, for example, as hotels pay twice the standard rate to room attendants, as they hire additional staff, and as they allocate staff time to tracking room cleaning limitations. Hotels subject to HWPO account for 87% of hotel rooms in the market. Because not all hotels in the market are covered, and because we expect operations will adapt some over time, we have assumed the rooms department payroll cost increase per occupied room will stabilize at about 34.6% higher in 2025.
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TOURISM IMPACT

- We expect ADR in 2025 will increase by 6.8% above what ADR would be without the ordinance.
- Demand will decline 5.0% due to the higher rates and reduced services.
- Room revenue will increase by 1.4% in 2025. This additional revenue will address a small portion of the increase in payroll costs.
- In total, over the five-year period of analysis, we expect a loss of \$1.4 billion of visitor spending.

HWPO impact to Los Angeles tourism

\$ in millions (except ADR increase and increase in payroll per occupied room)

	2023	2024	2025	2026	2027	5 yr total
ADR increase (%)	7.1%	6.9%	6.8%	6.6%	6.4%	
ADR increase (\$)	\$14.65	\$14.65	\$14.65	\$14.65	\$14.65	
Demand loss (%)	-2.2%	-4.0%	-5.0%	-5.0%	-5.0%	
Room revenue increase (%)	4.8%	2.7%	1.4%	1.3%	1.1%	
Room revenue increase (\$)	\$89.1	\$53.2	\$30.0	\$28.1	\$26.1	
Increase in rooms payroll per occupied room (%)	34.6%	34.6%	34.6%	34.6%	34.6%	
Increase in rooms payroll per occupied room (\$)	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	
Increase in payroll costs (%)	32%	29%	28%	28%	28%	
Increase in payroll costs (\$)	\$116.3	\$112.1	\$110.3	\$113.7	\$117.1	
Visitor spending loss (%)	-1.9%	-3.7%	-4.7%	-4.7%	-4.6%	
Visitor spending loss (\$)	-\$119.6	-\$250.2	-\$335.8	-\$353.2	-\$370.4	-\$1,429.3

Source: STR, Tourism Economics

HOTEL CAPITAL SPENDING IMPACT

- With substantially higher payroll costs and reduced operating cash flows, we expect hotel owners will look for ways to delay or scale back planned renovations.

HWPO impact to Los Angeles hotel capital spending

\$ in millions

	2023	2024	2025	2026	2027	5 yr total
Renovation spending loss (%)	-65.0%	-59.8%	-57.2%	-54.4%	-54.4%	
Renovation spending loss (\$)	-\$82.4	-\$79.0	-\$81.0	-\$81.5	-\$86.2	
New development spending loss (\$)	-\$132.7	-\$158.1	-\$186.5	-\$190.2	-\$194.2	
Hotel capital spending loss (\$)	-\$215.1	-\$237.1	-\$267.5	-\$271.7	-\$280.5	-\$1,271.8

Source: STR, Tourism Economics

- Also, in a market with higher operating costs and lower returns, we expect fewer new hotels will be developed.
- Overall, we estimate that through a combination of reduced renovations and new development, hotel capital spending in Los Angeles over the five-year period of analysis will be reduced by \$1.27 billion.

VISITOR SPENDING ECONOMIC IMPACT

- Lost visitor spending has important impacts on the local economy. We estimate that a loss of \$335.8 million in visitor spending in 2025 will result in total lost business sales of \$558.1 million.
- This is expected to result in 3,544 total job losses in the City of Los Angeles relative to an alternative scenario without HWPO. These include jobs at businesses patronized by visitors, such as restaurants, as well as jobs at other businesses in the supply chain, such as specialized maintenance services, advertising and professional services.
- State and local taxes are expected to be \$30.0 million lower because of HWPO in 2025, despite a \$4.8 million increase in lodging taxes resulting from higher ADR levels.

Visitor spending economic impact

in millions (except jobs)

Total	2023	2024	2025	2026	2027
Output	-\$198.8	-\$415.9	-\$558.1	-\$587.0	-\$615.6
GDP	-\$116.3	-\$243.3	-\$326.5	-\$343.4	-\$360.2
Wages and salaries	-\$72.4	-\$151.4	-\$203.2	-\$213.7	-\$224.1
Jobs	-1,315	-2,695	-3,544	-3,653	-3,755
Taxes	-\$13.5	-\$49.3	-\$72.8	-\$77.1	-\$81.4
Federal	-\$15.2	-\$31.9	-\$42.8	-\$45.0	-\$47.2
State and local	\$1.8	-\$17.5	-\$30.0	-\$32.1	-\$34.2
Taxes on lodging	\$14.2	\$8.5	\$4.8	\$4.5	\$4.1
Direct					
Output	-\$119.6	-\$250.2	-\$335.8	-\$353.2	-\$370.4
GDP	-\$68.2	-\$142.6	-\$191.3	-\$201.2	-\$211.0
Wages and salaries	-\$44.0	-\$92.1	-\$123.5	-\$129.9	-\$136.3
Jobs	-919	-1,883	-2,477	-2,553	-2,624
Taxes	-\$2.9	-\$27.2	-\$43.1	-\$45.9	-\$48.7
Federal	-\$9.3	-\$19.4	-\$26.0	-\$27.4	-\$28.7
State and local	\$6.4	-\$7.9	-\$17.1	-\$18.6	-\$20.0
Taxes on lodging	\$14.2	\$8.5	\$4.8	\$4.5	\$4.1

Source: Tourism Economics

CONSTRUCTION ECONOMIC IMPACT

Construction economic impact in millions (except jobs)		2023	2024	2025	2026	2027
<ul style="list-style-type: none"> An expected loss in 2025 direct hotel capital spending of \$267.5 million will negatively affect economic output by roughly \$424.1 million in 2025. This corresponds to the loss of approximately 1,542 direct hotel construction and renovation jobs. 	Total					
	Output	-\$341.0	-\$375.9	-\$424.1	-\$430.7	-\$444.6
	GDP	-\$180.0	-\$198.4	-\$223.9	-\$227.3	-\$234.7
	Wages and salaries	-\$135.6	-\$149.4	-\$168.6	-\$171.2	-\$176.8
	Jobs	-1,936	-2,091	-2,312	-2,301	-2,328
	Taxes	-\$43.3	-\$47.7	-\$53.9	-\$54.7	-\$56.5
	Federal	-\$26.1	-\$28.7	-\$32.4	-\$32.9	-\$34.0
	State and local	-\$17.2	-\$19.0	-\$21.4	-\$21.8	-\$22.5
	Taxes on lodging	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Direct					
	Output	-\$215.1	-\$237.1	-\$267.5	-\$271.7	-\$280.5
	GDP	-\$103.9	-\$114.5	-\$129.2	-\$131.2	-\$135.5
	Wages and salaries	-\$93.1	-\$102.7	-\$115.8	-\$117.6	-\$121.4
	Jobs	-1,291	-1,394	-1,542	-1,534	-1,552
	Taxes	-\$25.7	-\$28.3	-\$31.9	-\$32.4	-\$33.5
	Federal	-\$17.0	-\$18.7	-\$21.1	-\$21.4	-\$22.1
	State and local	-\$8.7	-\$9.6	-\$10.8	-\$11.0	-\$11.4
	Taxes on lodging	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Source: Tourism Economics

ECONOMIC IMPACT

		Total economic impact in millions (except jobs)				
		2023	2024	2025	2026	2027
<p>Total economic impact is the summation of visitor spending and construction impacts to the Los Angeles economy.</p> <ul style="list-style-type: none"> The HWPO will negatively impact total economic output by \$982.2 million in 2025 (direct impact \$603.3 million). GDP will be negatively impacted by \$550.4 million in 2025 (direct impact of \$320.5 million). 	Total					
	Output	-\$539.9	-\$791.8	-\$982.2	-\$1,017.7	-\$1,060.3
	GDP	-\$296.3	-\$441.7	-\$550.4	-\$570.8	-\$594.9
	Wages and salaries	-\$208.0	-\$300.9	-\$371.8	-\$385.0	-\$400.9
	Jobs	-3,251	-4,786	-5,856	-5,955	-6,083
	Taxes	-\$56.8	-\$97.1	-\$126.6	-\$131.8	-\$137.9
	Federal	-\$41.3	-\$60.6	-\$75.2	-\$77.9	-\$81.2
	State and local	-\$15.5	-\$36.5	-\$51.5	-\$53.9	-\$56.7
	Taxes on lodging	\$14.2	\$8.5	\$4.8	\$4.5	\$4.1
	Direct					
	Output	-\$334.7	-\$487.3	-\$603.3	-\$624.9	-\$650.9
	GDP	-\$172.1	-\$257.1	-\$320.5	-\$332.5	-\$346.5
	Wages and salaries	-\$137.2	-\$194.7	-\$239.4	-\$247.6	-\$257.7
	Jobs	-2,209	-3,277	-4,018	-4,087	-4,176
	Taxes	-\$28.6	-\$55.5	-\$75.0	-\$78.3	-\$82.1
	Federal	-\$26.2	-\$38.1	-\$47.1	-\$48.8	-\$50.8
	State and local	-\$2.3	-\$17.5	-\$27.9	-\$29.5	-\$31.3
	Taxes on lodging	\$14.2	\$8.5	\$4.8	\$4.5	\$4.1

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CITY OF LOS ANGELES HOTEL WORKER PROTECTION ORDINANCE ECONOMIC IMPACT ANALYSIS

Prepared for:
California Hotel & Lodging Association
March 14, 2023



WWW.TOURISMECONOMICS.COM

About Tourism Economics



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality , Quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 250 professional economists and analysts; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford economics has offices in London, Oxford, Dubai, Philadelphia and Belfast.

For more information:

info@tourismeconomics.com

EXECUTIVE SUMMARY

The California Hotel & Lodging Association (CHLA) engaged Tourism Economics to analyze the economic impact of the Hotel Worker Protection Ordinance (HWPO) that took effect in August 2022 within the City of Los Angeles, CA. We developed an understanding of the HWPO and its impact on hotel operations and prepared an economic model to quantify its expected impacts.

Key Observations

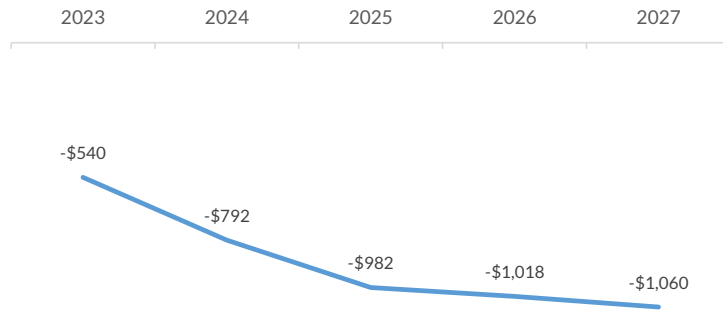
- Overall, in 2025 as an example year, we estimate that with the HWPO, Los Angeles will experience:
 - 6.8% higher hotel average daily rate (ADR)
 - **5.0% decline in occupied hotel room nights**
 - **\$603.3 million of lost direct economic activity, including \$335.8 million less visitor spending and \$267.5 million less hotel capital spending**
- These impacts are expected to result in broader losses to the Los Angeles economy. Specifically, we anticipate that the loss of visitor spending and loss of hotel capital spending will result in the:
 - **loss of 5,856 jobs** in other sectors of the economy,
 - including the **loss of 1,542 direct hotel construction and renovation jobs**.
- Overall, we estimate a:
 - **\$51.5 million decrease in state and local tax revenues** in 2025 as a result of HWPO, reflecting a \$4.8 million increase in lodging taxes due to higher room rates but declines in other tax categories.
- The HWPO contains several provisions. Of these, the most significant impact to hotel operations results from workload limitations for room attendants that restrict the amount of space they are permitted to clean each day at standard pay. Hotels have adjusted operations in response to these restrictions, such as by hiring additional staff or/or paying twice standard pay.
- Overall, as a result of HWPO, hotels are experiencing an approximate doubling of housekeeping labor costs (room attendants and managers).
- We quantified how we anticipate this cost increase will impact the Los Angeles hotel market over time, relative to an alternative scenario without the HWPO. We have used 2025 as a summary year, allowing several years for hotel operations and customer behavior to adapt to the change.
- In our analysis, we anticipate that hotels will continue to respond to higher labor costs per occupied room by: (1) increasing ADR and fees, (2) reducing services and staff in other departments, (3) scaling back planned renovations. We also anticipate that the development of new hotels in the market will slow.
- As travelers, including meetings and groups, respond to higher room rates and reduced services, we expect hotel demand will decline relative to the alternative scenario without the HWPO, resulting in less visitor spending in Los Angeles.

EXECUTIVE SUMMARY

The accompanying figures illustrate impacts due to the HWPO relative to an alternative scenario without the ordinance. We have used 2025 as an example year.

Total lost economic output (business sales)

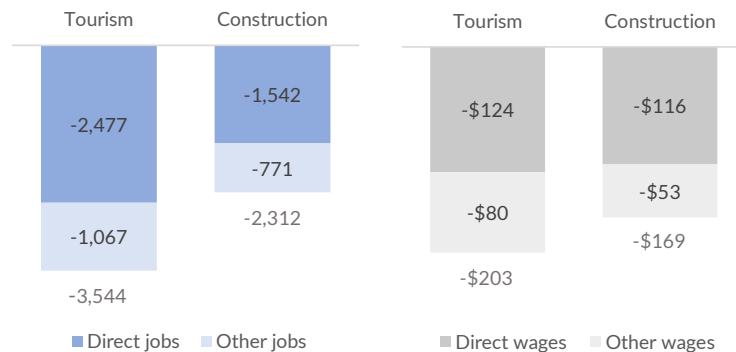
City of Los Angeles, compared to scenario without HWPO, in millions



Source: Tourism Economics

Total lost jobs and wages in 2025

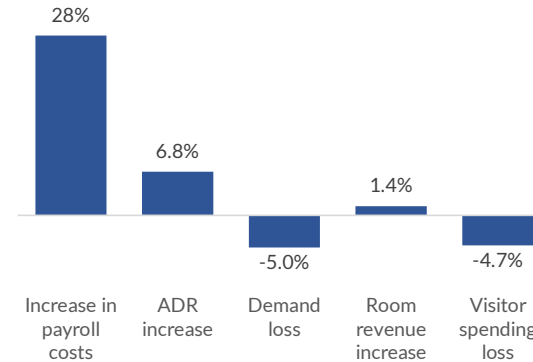
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HWPO impact to tourism in 2025

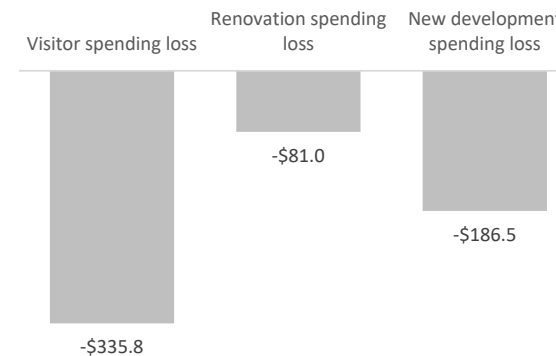
City of Los Angeles, % compared to scenario without ordinance



Source: STR, Tourism Economics

HWPO impact in 2025

City of Los Angeles, in millions



Source: STR, Tourism Economics

ORDINANCE SUMMARY

On June 28, 2022, the Los Angeles City Council approved a new Hotel Worker Protection Ordinance (HWPO) that went into effect on August 12, 2022. The HWPO contains several provisions. Of these, the most significant impact to hotel operations results from workload limitations for room attendants. The restrictions include limits on the amount of guest room space that room attendants may clean in a day. These limits are reduced in certain cases, such as attendants assigned rooms to clean that are on several different floors.

Hotels are responding to these restrictions in a variety of ways. In some cases, room attendants are cleaning more rooms than the limitation, and as stipulated in HWPO, hotels are paying staff double the standard rate for each day. The double rate of pay applies to every hour worked that day including hours worked before square footage limit has been reached. In other cases, hotels are hiring additional room attendants, while looking to reduce other staffing at the property. Some properties are taking rooms out of inventory temporarily due to lack of staffing.

The following are measures from the new Hotel Worker Protection Ordinance.

- 1) installation of panic buttons
- 2) on-call security for hotels with 60+ rooms or annual manager training with fewer than 60 rooms,
- 3) leave for employees who activate a panic button
- 4) documented attendance for annual staff training regarding maintenance and use of panic buttons
- 5) signage installation

Daily Square Footage Limitations

- Hotels with less than 45 rooms: Does not apply
- Hotels with 45-60 rooms: 4,000 square feet
- Hotels with 60+ rooms: 3,500 square feet

Square Footage Reductions (500 square feet each)

- Each special attention room or room with rollout bed assigned in excess of five rooms
- Each additional building assigned
- Each additional floor assigned in excess of two floors

ORDINANCE SCOPE

The Citywide Hotel Worker Minimum Wage Ordinance was also amended. Previously, the elevated minimum wage and time off requirements for hotel workers only applied to workers in hotels with 150+ guest rooms. Hotels with 60+ rooms are now included under the same requirements, thus expanding the minimum wage requirement to cover an additional 17% of Los Angeles hotels.

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Increase in rooms payroll per occupied room (\$)	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	
Increase in payroll costs (%)	32%	29%	28%	28%	28%	
Increase in payroll costs (\$)	\$116.3	\$112.1	\$110.3	\$113.7	\$117.1	
Visitor spending loss (%)	-1.9%	-3.7%	-4.7%	-4.7%	-4.6%	
Visitor spending loss (\$)	-\$119.6	-\$250.2	-\$335.8	-\$353.2	-\$370.4	-\$1,429.3

Source: STR, Tourism Economics

HOTEL CAPITAL SPENDING IMPACT

- With substantially higher payroll costs and reduced operating cash flows, we expect hotel owners will look for ways to delay or scale back planned renovations.

HWPO impact to Los Angeles hotel capital spending

\$ in millions

	2023	2024	2025	2026	2027	5 yr total
Renovation spending loss (%)	-65.0%	-59.8%	-57.2%	-54.4%	-54.4%	
Renovation spending loss (\$)	-\$82.4	-\$79.0	-\$81.0	-\$81.5	-\$86.2	
New development spending loss (\$)	-\$132.7	-\$158.1	-\$186.5	-\$190.2	-\$194.2	
Hotel capital spending loss (\$)	-\$215.1	-\$237.1	-\$267.5	-\$271.7	-\$280.5	-\$1,271.8

Source: STR, Tourism Economics

- Also, in a market with higher operating costs and lower returns, we expect fewer new hotels will be developed.
- Overall, we estimate that through a combination of reduced renovations and new development, hotel capital spending in Los Angeles over the five-year period of analysis will be reduced by \$1.27 billion.

VISITOR SPENDING ECONOMIC IMPACT

- Lost visitor spending has important impacts on the local economy. We estimate that a loss of \$335.8 million in visitor spending in 2025 will result in total lost business sales of \$558.1 million.
- This is expected to result in 3,544 total job losses in the City of Los Angeles relative to an alternative scenario without HWPO. These include jobs at businesses patronized by visitors, such as restaurants, as well as jobs at other businesses in the supply chain, such as specialized maintenance services, advertising and professional services.
- State and local taxes are expected to be \$30.0 million lower because of HWPO in 2025, despite a \$4.8 million increase in lodging taxes resulting from higher ADR levels.

Visitor spending economic impact

in millions (except jobs)

	2023	2024	2025	2026	2027
Total					
Output	-\$198.8	-\$415.9	-\$558.1	-\$587.0	-\$615.6
GDP	-\$116.3	-\$243.3	-\$326.5	-\$343.4	-\$360.2
Wages and salaries	-\$72.4	-\$151.4	-\$203.2	-\$213.7	-\$224.1
Jobs	-1,315	-2,695	-3,544	-3,653	-3,755
Taxes	-\$13.5	-\$49.3	-\$72.8	-\$77.1	-\$81.4
Federal	-\$15.2	-\$31.9	-\$42.8	-\$45.0	-\$47.2
State and local	\$1.8	-\$17.5	-\$30.0	-\$32.1	-\$34.2
Taxes on lodging	\$14.2	\$8.5	\$4.8	\$4.5	\$4.1
Direct					
Output	-\$119.6	-\$250.2	-\$335.8	-\$353.2	-\$370.4
GDP	-\$68.2	-\$142.6	-\$191.3	-\$201.2	-\$211.0
Wages and salaries	-\$44.0	-\$92.1	-\$123.5	-\$129.9	-\$136.3
Jobs	-919	-1,883	-2,477	-2,553	-2,624
Taxes	-\$2.9	-\$27.2	-\$43.1	-\$45.9	-\$48.7
Federal	-\$9.3	-\$19.4	-\$26.0	-\$27.4	-\$28.7
State and local	\$6.4	-\$7.9	-\$17.1	-\$18.6	-\$20.0
Taxes on lodging	\$14.2	\$8.5	\$4.8	\$4.5	\$4.1

Source: Tourism Economics

CONSTRUCTION ECONOMIC IMPACT

Construction economic impact in millions (except jobs)		2023	2024	2025	2026	2027
<ul style="list-style-type: none"> An expected loss in 2025 direct hotel capital spending of \$267.5 million will negatively affect economic output by roughly \$424.1 million in 2025. This corresponds to the loss of approximately 1,542 direct hotel construction and renovation jobs. 	Total					
	Output	-\$341.0	-\$375.9	-\$424.1	-\$430.7	-\$444.6
	GDP	-\$180.0	-\$198.4	-\$223.9	-\$227.3	-\$234.7
	Wages and salaries	-\$135.6	-\$149.4	-\$168.6	-\$171.2	-\$176.8
	Jobs	-1,936	-2,091	-2,312	-2,301	-2,328
	Taxes	-\$43.3	-\$47.7	-\$53.9	-\$54.7	-\$56.5
	Federal	-\$26.1	-\$28.7	-\$32.4	-\$32.9	-\$34.0
	State and local	-\$17.2	-\$19.0	-\$21.4	-\$21.8	-\$22.5
	Taxes on lodging	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Direct					
	Output	-\$215.1	-\$237.1	-\$267.5	-\$271.7	-\$280.5
	GDP	-\$103.9	-\$114.5	-\$129.2	-\$131.2	-\$135.5
	Wages and salaries	-\$93.1	-\$102.7	-\$115.8	-\$117.6	-\$121.4
	Jobs	-1,291	-1,394	-1,542	-1,534	-1,552
	Taxes	-\$25.7	-\$28.3	-\$31.9	-\$32.4	-\$33.5
	Federal	-\$17.0	-\$18.7	-\$21.1	-\$21.4	-\$22.1
	State and local	-\$8.7	-\$9.6	-\$10.8	-\$11.0	-\$11.4
	Taxes on lodging	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Source: Tourism Economics

ECONOMIC IMPACT

		Total economic impact in millions (except jobs)				
		2023	2024	2025	2026	2027
Total economic impact is the summation of visitor spending and construction impacts to the Los Angeles economy.	Total					
	Output	-\$539.9	-\$791.8	-\$982.2	-\$1,017.7	-\$1,060.3
<ul style="list-style-type: none"> The HWPO will negatively impact total economic output by \$982.2 million in 2025 (direct impact \$603.3 million). 	GDP	-\$296.3	-\$441.7	-\$550.4	-\$570.8	-\$594.9
	Wages and salaries	-\$208.0	-\$300.9	-\$371.8	-\$385.0	-\$400.9
<ul style="list-style-type: none"> GDP will be negatively impacted by \$550.4 million in 2025 (direct impact of \$320.5 million). 	Jobs	-3,251	-4,786	-5,856	-5,955	-6,083
	Taxes	-\$56.8	-\$97.1	-\$126.6	-\$131.8	-\$137.9
	Federal	-\$41.3	-\$60.6	-\$75.2	-\$77.9	-\$81.2
	State and local	-\$15.5	-\$36.5	-\$51.5	-\$53.9	-\$56.7
	Taxes on lodging	\$14.2	\$8.5	\$4.8	\$4.5	\$4.1
	Direct					
	Output	-\$334.7	-\$487.3	-\$603.3	-\$624.9	-\$650.9
	GDP	-\$172.1	-\$257.1	-\$320.5	-\$332.5	-\$346.5
	Wages and salaries	-\$137.2	-\$194.7	-\$239.4	-\$247.6	-\$257.7
	Jobs	-2,209	-3,277	-4,018	-4,087	-4,176
	Taxes	-\$28.6	-\$55.5	-\$75.0	-\$78.3	-\$82.1
	Federal	-\$26.2	-\$38.1	-\$47.1	-\$48.8	-\$50.8
	State and local	-\$2.3	-\$17.5	-\$27.9	-\$29.5	-\$31.3
	Taxes on lodging	\$14.2	\$8.5	\$4.8	\$4.5	\$4.1

Source: Tourism Economics

**Marina del Rey
Lessees Association**

C/o Mr. Timothy C. Riley, Executive Director
8537 Wakefield Avenue
Panorama City, CA 91402
Telephone: 818-891-0495

August 7, 2023

The Honorable Board of Supervisors
Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Via Email

RE: Agenda Item #9, Board of Supervisors meeting of August 8, 2023
Hotel Worker Protection Ordinance

Dear Supervisors:

The Marina del Rey Lessees Association is wholeheartedly in support of the tourism industry in Marina del Rey that draws visitors from the County, across the United States and around the world. The Marina del Rey Land Use Plan asserts that "Visitor-serving facilities are considered recreational and provide service to those who reside in or visit the Marina del Rey area." Hotels are vital to providing visitor-serving facilities so that people may enjoy the County-owned asset of Marina del Rey.

There is widespread recognition in the hotel industry that room attendants and hotel staff who work alone should be provided panic buttons or similar devices for their personal safety and protection. The motion before the Board of Supervisors is worthy of support for that aspect of the proposed ordinance.

However, the mandate that room attendants may only clean a defined amount of square feet of floor space during any eight-hour workday is problematic and not economically sustainable. The industry proposes that the permitted square footage to be cleaned per day should be increased from 4,500 to 7,500 square feet for hotels with fewer than 40 guest rooms and from 3,500 to 6,500 square feet for hotels with more than 40 guest rooms. Doubling the rate of pay for every hour worked based on the motion's limitations of square feet permitted to be cleaned leads to damaging unintended consequences.

The Association asks that the Board of Supervisors take a pause to allow for discussion with hotel representatives and the Marina del Rey Tourism Board before moving forward with an ordinance. While similar ordinances have been adopted in some cities, there should also be a recognition of the unique nature of Marina del

August 7, 2023

some cities, there should also be a recognition of the unique nature of Marina del Rey, where the hotels have not been developed on fee simple land. Hotels in Marina del Rey are differentiated from hotels in cities like West Hollywood and Los Angeles in that ground rent is paid to the County, in addition to property taxes, thereby creating an extra financial burden not shared by hotels elsewhere in the County. Given these realities, prior to your adoption of this ordinance, we would ask that your Board direct the CEO's office and Department of Beaches & Harbors to assess the economic impact of this proposed ordinance on existing hotel ground leases in Marina del Rey.

We also draw your attention to the economic impact analysis conducted in the matter of a similar ordinance in the City of Angeles, prepared by Tourism Economics, an Oxford Economics Company, and dated March 14, 2023. In addition to higher average daily room rates (ADR) and significant loss of direct economic activity and loss of jobs in other sectors of the local economy, the report anticipates hotels will continue to respond to higher labor cost by: (1) increasing ADR and fees, (2) reducing services and staff in other departments, and (3) scaling back planned renovations. Furthermore, the development of new hotels in the market will slow.

Thank you for your consideration of working with the hospitality stakeholders to achieve a workable ordinance that protects hospitality jobs and sustains an industry that was among the hardest hit during the pandemic and is only just now starting to get nearer to full recovery.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Riley', with a stylized flourish extending from the end.

Tim Riley
Executive Director, Marina del Rey Lessees Association

cc: Gary Jones, Director, Department of Beaches and Harbors