



Legislation Text

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Recommendation to request City Manager and the Economic Development Department to conduct a labor market analysis on hospitality worker wage rates across the Southern California region and trends in where these salary rates are headed between now and 2028, refer to the Economic Development and Opportunity Committee for public input and discussion, and request the City Attorney to prepare a ballot measure for consideration during the March 2024 municipal election amending the Long Beach Hotel Worker Wage Ordinance (LBMC Chapter 5.48) to authorize a market pay adjustment that ensures fair and competitive wages for hospitality industry employees.

The tourism industry is a major economic driver in Long Beach. However, many workers at Long Beach hospitality properties are struggling to remain housed and to support their families, with the ever-increasing cost of living.

On November 6, 2012, voters in Long Beach approved Measure N by a 26-point margin, creating an inflation-adjusted minimum wage and a right to five sick days per year for workers in the hotel industry. This wage began at \$13/hour in 2013, increasing by either the year-over-year percentage increase in the Consumer Price Index (CPI) for Los Angeles and Orange Counties, or by two percent, whichever is higher. This has led to a current wage of <https://www.longbeach.gov/globalassets/finance/business-info/compliance/measure-n-bulletin-effective-july-1-2023>, in effect as of July 1st of this year.

While Long Beach hospitality workers have benefited from Measure N's passage, these wage rates have not kept pace with the rising cost of living in Long Beach, particularly in Downtown Long Beach where the majority of hospitality jobs are located. Rents for a studio apartment in the 90802 Downtown Long Beach zip code have more than doubled since the passage of Measure N in 2012, increasing by 109%, compared to a 60% increase across Los Angeles County.

In order to afford a studio apartment in Downtown Long Beach at \$1,630/month without experiencing rent burden, a hotel worker would need to earn a wage of \$31.36 - nearly double their current minimum wage. Under the present wage scale, Long Beach hospitality workers must pay an average of 77% of their income towards rent to live in Long Beach. The same workers that keep the Long Beach tourism industry functioning, safe, and profitable, including hotel housekeepers, servers, and bartenders, are facing increased rent burden, housing insecurity, and economic vulnerability.

During the pandemic, the tourism industry benefited from substantial government support, including \$13 billion in PPP loans to the hotel industry. In part because of this support from

the federal government, the hospitality industry is now rebounding to pre-pandemic levels. In 2022, the U.S. hotel industry reported average daily rates (ADR) and revenues per available room (RevPAR) that were the highest for any year on record. Locally, the City of Long Beach is continuing to invest in the growth of our tourism industry through the Grow Long Beach Initiative as the city prepares to host events for the 2026 FIFA World Cup and the 2028 Olympics.

To address stagnant wages and provide greater stability for the hospitality industry's critical workforce, neighboring cities across the region such as [Los Angeles](https://mynews1a.com/business/2023/05/30/la-city-council-seeks-financial-impact-of-hotel-worker-wage-increase/) [<https://mynews1a.com/business/2023/05/30/la-city-council-seeks-financial-impact-of-hotel-worker-wage-increase/>](https://mynews1a.com/business/2023/05/30/la-city-council-seeks-financial-impact-of-hotel-worker-wage-increase/), [Anaheim](https://www.ocregister.com/2023/06/28/anaheims-25-an-hour-minimum-wage-special-election-moved-to-oct-3/) [<https://www.ocregister.com/2023/06/28/anaheims-25-an-hour-minimum-wage-special-election-moved-to-oct-3/>](https://www.ocregister.com/2023/06/28/anaheims-25-an-hour-minimum-wage-special-election-moved-to-oct-3/), and [Culver City](https://www.hoteldive.com/news/culver-city-hotel-workers-file-initiative-to-guarantee-fair-pay-and-protect/650880/) [<https://www.hoteldive.com/news/culver-city-hotel-workers-file-initiative-to-guarantee-fair-pay-and-protect/650880/>](https://www.hoteldive.com/news/culver-city-hotel-workers-file-initiative-to-guarantee-fair-pay-and-protect/650880/) have begun to take action on this issue. Los Angeles is currently considering an ordinance to raise the minimum wage for hospitality workers to \$25/hour in 2023, which would progressively rise to \$30 by 2028. The City of Anaheim has placed a ballot measure for consideration during their October 2023 special election to raise the hotel worker minimum wage to \$25/hour. A ballot initiative has also been submitted in Culver City to establish a minimum wage of \$25 for hotel workers while adding new protections for room attendants against sexual harassment and assault.

While recognizing Long Beach's tourism and hospitality sector as an important driver of the city's overall economic growth, it is important to acknowledge that a significant portion of the workforce that supports and maintains this industry is made up of women, and women of color in particular. Achieving fair wages for hospitality workers is not only imperative for helping close the gender and racial pay gap, but also for ensuring the economic stability of working families in Long Beach and across our region.

With the highly anticipated Summer Olympic Games scheduled to take place in Long Beach in 2028, the city needs to proactively cultivate a strong and sustainable workforce within the tourism and hospitality industry to prevent future labor shortages. Moreover, as a city committed to improving sustainability and climate resilience, it is imperative to enable more workers to afford housing near their workplace to reduce vehicle emissions, improve local air quality, and alleviate traffic congestion. By supporting hotel and hospitality industry workers in achieving fair and competitive wages, Long Beach can help keep working families out of poverty, expand economic mobility, and safeguard the workforce needed to support the continued success of our local and regional economy.

Under Councilmember Saro's leadership, the Long Beach City Council will move to add a ballot measure to the March 2024 municipal election to authorize a market pay adjustment for hotel industry workers by amending the Long Beach Hotel Worker Wage Ordinance (Long Beach Municipal Code Chapter 5.48). To help inform the wage structure proposed in the ballot measure, the City Council will receive a labor market analysis on hospitality worker wage rates prepared by the City Manager and the Economic Development Department, and

hear public input through the council's Economic Development and Opportunity Committee. Following City Council's receipt and consideration of a labor market analysis and public input, the Council will provide direction to the City Attorney's office on the scope and content of the proposed ordinance, which will then be prepared for inclusion on the March 2024 ballot.

This matter has been reviewed by Budget Manager Grace H. Yoon on July 6, 2023.

The recommendation requests the City Manager to work with the Economic Development Department to conduct a labor market analysis on hospital worker wage rates for a potential ballot measure. The study may require consultant costs potentially in the range of \$50,000 to \$100,000, but this will need to be evaluated by staff. If additional appropriation is needed to conduct the study, staff will return to City Council with the amount and potential offsets at a later time. The requested action is anticipated to require a moderate level of staff hours beyond the budgeted scope of duties and have a moderate impact on meeting other City Council priorities.

Approve recommendation.

SUELY SARO COUNCILWOMAN,
SIXTH DISTRICT

MARY ZENDEJAS COUNCILWOMAN,
FIRST DISTRICT

CINDY ALLEN VICE MAYOR,
SECOND DISTRICT