



September 12, 2023

Dear Economic Development and Opportunity Committee,

Workers in Long Beach's thriving tourism industry are struggling to put food on the table and keep a roof over their heads because wages have not kept up with the region's skyrocketing cost of living. Meanwhile, the hotel industries have built back using billions of dollars in public investment and pandemic relief funds—leaving workers behind.

The tourism industry benefited from massive bailouts during the pandemic, including **\$13 billion in PPP loans to the hotel industry**.¹ A recent report written by Dr. William Lester states, that the Long Beach Recovery Act awarded a portion of the \$71.19M in funds received from the federal American Rescue Plan Act (ARPA) and the State of California's "Visit California" program to the Long Beach Convention and Visitors Bureau (CVB) to "restore hotel occupancy, boost room nights, and bring workers back to jobs in a range of hospitality-related occupations."² This investment has allowed the tourism industry, including hotels to make a rapid recovery "a step ahead of the Los Angeles market".³ Hotels are making record revenues. According to Dr. William Lester, "The Average Daily Revenue is forecasted to be 20% higher in 2023 than in 2019."⁴

It is evident that while the hotel industry has recovered, the workers that keep the tourism industry functioning, safe, and profitable—including hotel housekeepers, who are primarily BIPOC immigrant workers—are facing housing insecurity as Long Beach grapples with an unprecedented housing and homelessness crisis. Under the present wage scale, Long Beach hospitality workers must pay an average of 77% of their income towards rent to live in the city. In downtown Long Beach, since the passage of Measure N in 2012, rents have increased by 109%, compared to a 60% increase across Los Angeles County.⁵

The solution is clear: pay workers the living wage they deserve. Long Beach city leaders have the power to transform the lives of working families and their communities by including a **2024 ballot measure** that amends existing wage policies to ensure that Long Beach hospitality workers receive fair and competitive wages to live and thrive in this City. The proposed ordinance will bring current city laws up to date by:

1. Raising the Wage for Long Beach hospitality workers to \$25 by July 1, 2024 and \$30 by 2028

Income equality is one of the most pressing economic, social and civil rights issues facing Long Beach. By requiring a higher minimum wage and expanding its coverage for more hotel workers, the City seeks to promote the health, safety and welfare of thousands of hotel workers by ensuring they receive fair and competitive wages. Doing so will benefit the local economy. When workers can afford to live where they work, they are able to spend more in the local economy—at our local restaurants, cafes, shops, grocery stores. When workers thrive, we all thrive. For this reason, 144 Long Beach small businesses have endorsed raising the wage for Long Beach hospitality workers.

We propose raising the wage to \$25/hour in July of 2024, with an escalator to reach \$30 by the 2028 Olympics. Starting on July 1, 2024, the minimum wage for each hotel worker, not including gratuities, service charge distributions, commissions, or bonuses, to the hotel worker, shall be as follows:

¹ <https://www.unitehere11.org/wp-content/uploads/PPP-In-Name-Only-Research-Brief.pdf>

² Long Beach Recovery Act (LBRA) Updates, accessed May 2023.

³ "Hospitality Submarket Report, Long Beach, Los Angeles County, CA," March 2023. CoStar.

⁴ "Report on the Impact of Long Beach's Proposed Living Wage for Tourism Workers, June 2023.

⁵ "Small Area Fair Market Rents" US Department of Housing and Urban Development, Office of Policy Development and Research, 2023.

<https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html#year2023>

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July 1, 2024 \$25.00 per hour

July 1, 2025 \$26.00 per hour

July 1, 2026 \$27.00 per hour

July 1, 2027 \$28.00 per hour

July 1, 2028 \$30.00 per hour

Starting on July 1, 2029, and annually thereafter on July 1 of each year, this rate shall be adjusted by the amount of increases in the federal minimum wage over the amount in effect on July 1, 2028.

2. Preventing Loopholes in Service Charges

Currently, there is language in Measure N on service charges. We need to strengthen the existing law by improving the language and definition of service charges to ensure that workers performing the service are paid fairly and equitably. This will also prevent loopholes and ensure that service charges are not retained by a hotel employer but the entirety goes to hotel worker (s) performing services for the customers from whom the service charges are collected. This is an industry issue that is being seen across regions as hospitality employers continue to be investigated for pick-pocketing service charges that should be going directly to their workers.

- In Los Angeles, a hotel in Hollywood was charging a 5% service charge claiming that this fee was in support of health care benefits to the staff. But several workers allege that they do not work enough hours to qualify for health benefits.⁶
- In San Francisco, Banquet workers are being awarded \$9 million in unpaid gratuities.⁷

Strengthening the language to service charges will prevent hospitality employers from illegally keeping service charges, and ensure that workers and customers are protected.

3. Amendments to the law

Currently, Measure N does not give authority to the Long Beach City Council to amend the existing law. We want to ensure that we prevent this issue by allowing the City Council to be empowered to amend the provisions of this proposed ordinance as long as the amendment strengthens or expands upon the protections for hotel workers. This currently exists in Measure WW as follows, " This Chapter does not preempt or prevent the establishment of superior standards or the expansion of coverage by ordinance, resolution, contract, or any other action of the City of Long Beach." We recommend similar language to the proposed ordinance.

It's time to update the laws that set the standard in the Long Beach tourism industry. We need an Olympic wage of \$25 now and \$30 by 2028 to ensure that ALL hospitality workers thrive.

Sincerely,

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⁶ Two L.A. Hotels Investigated for Adding Service Fees for Restaurant Workers, May, 2023

⁷ Marriott Banquet Servers in San Francisco to Be Awarded Approximately \$9 Million in Unpaid Gratuities, April 2023