City, Business Leaders Reach Compromise On Hotel Wages

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LOS ANGELES -- City and business leaders reached a compromise Wednesday that preserves a so-called "living wage" for Century Corridor hotel workers while also providing some economic incentives for hotel operators.

The deal also provides assurances that the revised "living wage" ordinance will not affect other private businesses in Los Angeles.

"We had a decision to make," Mayor Antonio Villaraigosa said during a mid-morning City Hall news conference. "Do we engage in a costly, divisive fight that would tear our communities apart, or do we come together and work together for the common good? I can say unequivocally that we made the right decision."

The announcement came on the day the City Council was to have met a legal deadline to either rescind the ordinance applying to some 3,500 airport-area hotel workers or place on the May ballot a referendum petition submitted by the business community last month asking voters to overturn it.

During its meeting, the council unanimously agreed to rescind the measure passed in November, then voted 12-2 to direct the city attorney to draft the replacement ordinance and flesh out details of the compromise law, which will have to come back before the panel.

"This unfortunately is the bait-and-switch of the decade," said Councilman Greig Smith, who voted against the new ordinance, along with Councilman Bernard Parks.

Each side has expressed confidence it would prevail in a referendum, which has been projected to cost the city and labor groups on one side and the business community on the other between $6 million and $15 million.

The agreement calls for a three-part phase-in of the living wage over the next year. Under the new plan, airport-area hotel employees would get a small raise upon passage of the new ordinance, followed by a second raise in July granting a minimum of $9.39 per hour with health insurance, or $10.64 an hour without benefits. A cost-of-living increase would then be granted next January.

Still in dispute is whether hotel workers who rely heavily on tips for their income should be exempted from any new legislation.

"The agreement preserves our core principle that if you work hard and play by the rules, you shouldn't live in poverty, not in America, and certainly not in the city of Los Angeles," Villaraigosa said.

The agreement also calls for creating an economic overlay zone for the dozen hotels surrounding Los Angeles International Airport, which means a series of tax breaks may be granted to hotel operators in exchange for the increased employee wages.

The deal -- which would also require the city to invest in hotel marketing, street improvements and educating workers -- signals the city's commitment to bring more business to the Century Corridor hotels.
"This is a work in progress," said Dave Fleming, chair of the Los Angeles Area Chamber of Commerce. "We've got t's to cross and i's to dot, but I think this morning we have crossed a threshold. We can come to a general agreement on terms, but have to keep working on those terms for the next few weeks until this final ordinance is passed and signed by the mayor."

Councilwoman Janice Hahn, a proponent of the living wage ordinance, said she still believes the city would have prevailed if the issue was placed on a citywide ballot, but "it seems at this point this is the right thing to do. This is an agreement that still provides the workers a living wage."

The hotels had opposed the ordinance, arguing that they earn less than hotels elsewhere in the city, that the requirements would produce job cuts, and that the city was out of line imposing wages on private businesses.

The compromise legislation would also establish yet-to-be named requirements for any future living wage ordinances that may be imposed on private businesses.

Hotel owners and other business leaders across the city spent about $1 million to collect more than 100,000 signatures to qualify a referendum for the May ballot to overturn the ordinance.

Representatives from the Century Corridor hotels were not present at the news conference.

"Without the hardworking men and women of the hotels, the hospitality industry would not be so important to the economy as it is today," said Maria Elena Durazo, executive secretary-treasurer of the Los Angeles County Federation of Labor.

Vivian Rothstein, deputy director of the Los Angeles Alliance for a New Economy, the nonprofit group that pushed for the living wage ordinance, applauded the compromise.

"This new law will help lift thousands of hotel workers out of poverty while also addressing the concerns of business leaders," Rothstein said. "We are pleased that business leaders have now joined with us to transform the gateway to Los Angeles into a gateway to prosperity."

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