

**ORDINANCE NO. 178432**

An ordinance adding Article 4 to Chapter X of the Los Angeles Municipal Code to create an Airport Hospitality Enhancement Zone.

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. A new Article 4 is added to Chapter X of the Los Angeles Municipal Code to read:

**ARTICLE 4.  
AIRPORT HOSPITALITY ENHANCEMENT ZONE ORDINANCE**

**SEC. 104.101. PURPOSE.**

The Los Angeles International Airport (LAX) is among the world's busiest airports, hosting millions of travelers every year. The Century Boulevard Corridor (Corridor) situated immediately adjacent to LAX serves as both the welcome mat to the City and the gateway to LAX. The Corridor, which greatly and uniquely benefits from its proximity to LAX, could benefit even more from strategic public investments, especially infrastructure improvements, neighborhood beautification, and a conference center. Accordingly, it is the City's intent to promote the economic vitality of the Corridor by designating it as an Airport Hospitality Enhancement Zone within which the City will target new City resources, investment and benefits.

The hotels in the Corridor will not only derive significant and unique business benefits from their close proximity to LAX, a major public and City asset that produces numerous patrons of these hotels on a daily basis, but from the City's designation of the Corridor as an Airport Hospitality Enhancement Zone. These benefits are unique as compared to any other industry in any other region of the City. Accordingly, the City finds that it is appropriate to impose a regulatory requirement to pay a living wage on certain hotels in the Corridor, a requirement that has not otherwise been imposed except upon companies with certain types of business relationships with the City. The City, as a provider of social support services and significant benefits through the City's designation of the Corridor as an Airport Hospitality Enhancement Zone, has an interest in promoting an employment environment that protects government resources and engages in responsible employment practices. In requiring the payment of a higher minimum level of compensation, this article benefits that interest.

By way of this ordinance, the City seeks to improve and encourage the continuing growth and development of the business community in the Century Boulevard Corridor, while simultaneously improving the welfare of service workers at LAX-area hotels by ensuring that they receive decent compensation for the work they perform. This ordinance provides for an investment in the workers, the local

businesses, and the City at large by setting forth a plan that supports the labor and business communities located in the area adjacent to LAX.

#### **SEC. 104.102. DEFINITIONS.**

The following definitions shall apply to this article:

A. **“City”** means the City of Los Angeles.

B. **“Hotel”** means a residential building located within the Airport Hospitality Enhancement Zone that is designated or used for lodging and other related services for the public, and containing 50 or more guest rooms, or suites of rooms. “Hotel” also includes any contracted, leased, or sublet premises connected to or operated in conjunction with the building’s purpose or providing services at the building. If the Century Corridor ) Property Business Improvement District ceases to exist, the boundaries at the time of dissolution shall remain in effect for purposes of this article.

C. **“Hotel Employer”** means a Person who owns, controls, and/or operates a Hotel, or a Person who owns, controls, and/or operates any contracted, leased, or sublet premises connected to or operated in conjunction with the Hotel’s purpose, or a Person who provides services at the Hotel.

D. **“Hotel Worker”** means any individual (1) whose primary place of employment is at a Hotel, and (2) who is employed directly by the Hotel Employer, or by a Person who has contracted with the Hotel Employer to provide services at the Hotel. “Hotel Worker” does not include a managerial, supervisory, or confidential employee.

E. **“Person”** means an individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, business trust, estate, trust, association, joint venture, agency, instrumentality, or any other legal or commercial entity, whether domestic or foreign.

F. **“Service Charge”** means all separately-designated amounts collected by a Hotel Employer from customers that are for service by Hotel Workers, or are described in such a way that customers might reasonably believe that the amounts are for the service, including but not limited to those charges designated on receipts under the term “service charge,” “delivery charge,” or “portage charge.”

G. **“Willful Violation”** means that the Hotel Employer deliberately failed or refused to comply with the provisions of this article.

#### **SEC. 104.103. THE AIRPORT HOSPITALITY ENHANCEMENT ZONE.**

A. **Establishment of Zone.** There is hereby established an Airport Hospitality Enhancement Zone. The Airport Hospitality Enhancement Zone shall be the area designated by the boundaries of the Gateway to LA (Century Corridor) Property

Business Improvement District (Century Corridor PBID), established by Ordinance Number 177211.

**B. Enhancements.** The City shall create enhanced and expanded City investments and incentives in the Airport Hospitality Enhancement Zone, including:

1. Conference Center

a. The City shall complete within 180 days of the effective date of the ordinance a study of possible locations for a conference center, including consideration of sites under control of City or LAWA.

b. The City shall complete within 180 days of the effective date of the ordinance a study of possible mechanisms to finance the construction and establishment of a conference center in the Airport Hospitality Enhancement Zone.

c. The City shall investigate LAWA participation in the financing of a conference center in the Airport Hospitality Enhancement Zone.

2. Workforce Development

a. CDD shall implement within 180 days of the effective date of the ordinance a workforce training program, which shall include one or more of customer service training, hospitality training, management training, and/or culinary arts training, for Hotel Workers. Training will occur at a location within the Airport Hospitality Enhancement Zone or within close proximity to the Airport Hospitality Enhancement Zone. Program(s) shall train 120 Hotel Workers per year for five years beginning in FY 2007-08. The City shall determine appropriate funding from among federal, state, and City funds.

b. CDD shall facilitate the provision of English as a Second Language courses by the Los Angeles Unified School District Adult Education Division or the Los Angeles Community College District, to Hotel Workers, with courses provided at Hotels where feasible and requested by Hotels in the Airport Hospitality Enhancement Zone.

3. Marketing

a. The City shall cause to be developed a program to market Hotels and other services in the Airport Hospitality Enhancement Zone.

b. The City shall grant \$50,000 to the Century Corridor BID to prepare a market analysis and to develop materials and data from the

analysis to use in attracting new business to the Airport Hospitality Enhancement Zone.

#### 4. Business Development

a. In order to address office vacancy and generate business for Hotels in the Airport Hospitality Enhancement Zone, the Office of Finance shall develop and recommend within 90 days of the effective date of this ordinance a time-limited cap or reduction in business taxes for businesses that relocate from outside the City to vacant space in the Airport Hospitality Enhancement Zone.

b. In order to address the need for retail and restaurant services in the area and to generate business for Hotels in the Airport Hospitality Enhancement Zone, the Office of Finance shall develop and recommend within 90 days of the effective date of this ordinance a time-limited cap or reduction in business taxes for retail and restaurant businesses that open a new location in the Zone without closing any other location, if any, in the City.

#### 5. Street Improvements

a. Bureau of Street Services shall develop and implement a program of directional/navigational signage to direct drivers to Hotels, rental car agencies, and other airport-related services in the Airport Hospitality Enhancement Zone.

b. Within nine months of the effective date of this ordinance, Bureau of Street Services shall commence construction of a \$1 million set of street improvements, including new median islands, landscaping, refurbishment, and signage, for the portion of Century Boulevard between Aviation Boulevard and La Cienega Boulevard.

c. Bureau of Street Services shall develop within 60 days of the effective date of this ordinance a plan to expedite needed street and alley resurfacing and sidewalk repair in the Airport Hospitality Enhancement Zone, and shall commence this plan within 180 days of the effective date of this ordinance.

d. CAO and Bureau of Street Services shall report within 60 days of the effective date of this ordinance on options to finance and commence within one year construction of needed new sidewalks in the Airport Hospitality Enhancement Zone to facilitate pedestrian access from Hotels to public transit.

## 6. Remote Check-In

CDD shall work with LAWA to facilitate the establishment of remote check-in facilities at each interested Hotel in Zone, including providing assistance as necessary to expedite or prioritize the establishment of these facilities as the network of region wide check-in locations grows.

## 7. Power Rate Incentive

The City shall investigate the feasibility of extending existing Enterprise and Empowerment Zone subsidized rate for electric power, or creating a new business development incentive rate to reduce office vacancy for buildings located within the Airport Hospitality Enhancement Zone.

## 8. Integrated Waste Management

In order to assist in realizing cost savings on hauling fees, Bureau of Sanitation shall work with interested businesses in the Airport Hospitality Enhancement Zone and Century Corridor BID to develop and implement within one year of the effective date of this ordinance a joint recycling and waste diversion program. Bureau of Sanitation's offered technical assistance shall include assistance in preparation of necessary bid documents, assistance in review of proposals and contract negotiations, preparation of outreach materials for staff, and training of staff.

### **SEC. 104.104. PAYMENT OF MINIMUM COMPENSATION TO HOTEL WORKERS.**

A. **Wages.** In accordance with section 104.106 of this article, Hotel Employers shall pay Hotel Workers a wage of no less than the hourly rates set under the authority of this article. The minimum compensation for each Hotel Worker shall be at least \$9.39 per hour with health benefits, not including gratuities, Service Charge distributions, or bonuses, or \$10.64 per hour without health benefits, not including gratuities, Service Charge distributions, or bonuses. These rates shall continue to be adjusted annually to correspond with adjustments, if any, to the Consumer Price Index for Urban Wage Earners and Clerical Workers in Los Angeles-Riverside Counties.

B. **Compensated Days Off.** Hotel Employers shall provide Hotel Workers at least twelve accrued compensated days off per year for sick leave, vacation, or personal necessity at the Hotel Worker's request. Hotel Employers shall also permit Hotel Workers to take at least an additional ten accrued days a year of uncompensated time to be used for sick leave for the illness of the Hotel Worker or a member of his or her immediate family where the Hotel Worker has exhausted his or her compensated days off for that year.

**C. Mandatory Study.** After one year from the effective date of this ordinance, the CAO shall conduct a study and evaluation of the effect of this article on Hotels, Hotel customers, and Hotel Workers in the Airport Hospitality Enhancement Zone.

1. The study shall include consideration of:

a. the economic impact of the living wage requirement on Hotels and Hotel Workers, including any effects on worker retention and /or training;

b. the effects of having a non-tiered living wage requirement that applies to tipped and non-tipped Hotel Workers alike, including any wage compression among hotel employees and the effects of such compression on worker retention; and

c. the impact of the enhancements described in section 104.103 on Hotel customer base, income, and retention and training of Hotel Workers.

2. If the study is not completed within 15 months from the date of the effective date of this ordinance, the living wage provisions of this ordinance shall be suspended until the report is completed.

#### **SEC. 104.105. HEALTH BENEFITS.**

**A. Rate.** Health benefits under this article shall consist of the payment of at least \$1.25 per hour towards the provision of health care benefits for Hotel Workers and their dependents. Proof of the provision of these benefits must be kept on file by the Hotel Employer, if applicable.

**B. Mandatory Study.** Within six months of the effective date of this ordinance, the CAO shall complete a study of health benefits availability for Hotel Workers.

1. The study shall include consideration of:

a. available health benefits plans at businesses with similarly-sized employment forces, whether such plans generally require employee contribution and/or co-payments, and the amount of such employee contributions and/or co-payments;

b. prevailing, well-supported expert views, if any, on whether employee contributions and/or co-payments have a negative or positive effect on the cost of health care or on the quality of health care provided; and

c. the City's ability, including applicable legal constraints, to secure high-quality health benefits for workers through regulation such as this article.

2. Upon completion of the study, the CAO shall also recommend whether the City should consider adjusting its living wage regulation for those Hotel Employers providing health benefits, for example by increasing the amount of the health benefits credit available to Hotel Employer or by permitting reasonable employee contributions or co-payments limited by regulation. If the study is not completed within 9 months from the date of the effective date of this ordinance, the living wage provisions of this ordinance shall be suspended until the report is completed.

C. This article is not intended to decrease the availability or utilization of employer-provided health benefits. The Hotel Employer has the sole choice whether or not to offer health benefits within the meaning of the section.

#### **SEC. 104.106. INCREMENTAL APPLICATION OF LIVING WAGE PROVISIONS.**

A. Upon the effective date of this ordinance, Hotel Employers shall pay Hotel Workers no less than \$8.25 per hour with health benefits, not including gratuities, Service Charge distributions, or bonuses, or \$9.50 per hour without health benefits, not including gratuities, Service Charge distributions, or bonuses.

B. On July 1, 2007, Hotel Workers shall be paid a living wage in its entirety, as required by section 104.104.A of this ordinance.

C. On January 1, 2008, Hotel Workers shall receive their first annual living wage adjustment, as specified in section 104.104.A of this ordinance, which requires annual adjustments to correspond to changes, if any, to the Consumer Price Index for Urban Wage Earners and Clerical Workers in Los Angeles-Riverside Counties.

#### **SEC. 104.107. NOTIFYING HOTEL WORKERS OF THEIR POTENTIAL RIGHT TO THE FEDERAL EARNED INCOME CREDIT.**

Hotel Employers shall inform Hotel Workers making less than \$12 per hour of their possible right to the federal Earned Income Credit (EIC) under Section 32 of the Internal Revenue Code of 1954, 26 U.S.C. Section 32, and shall make available to Hotel Workers forms informing them about the EIC and forms required to secure advance EIC payments from the Hotel Employer.

#### **SEC. 104.108. RETALIATORY ACTION PROHIBITED.**

A. No Hotel Employer shall discharge, reduce in compensation, or otherwise discriminate against any Hotel Worker for opposing any practice proscribed by this article, for participating in proceedings related to this article, for seeking to enforce his or

her rights under this article by any lawful means, or for otherwise asserting rights under this article.

**SEC.104.109. ENFORCEMENT.**

A. A Hotel Worker claiming violation of this article may bring an action in the Superior Court of the State of California against a Hotel Employer and may be awarded:

1. For failure to pay wages required by this article -- backpay for each day during which the violation continued.
2. For failure to pay health benefits -- the differential between the wage required by this article without benefits and the wage with benefits, less amounts paid, if any, toward health benefits.
3. For retaliatory action -- reinstatement, backpay, and other legal or equitable relief the court may deem appropriate.
4. For Willful Violations, the amount of monies to be paid under Paragraphs 1 through 3 shall be trebled.

B. If a Hotel Worker is the prevailing party in any legal action taken pursuant to this section, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

C. Notwithstanding any provision of this Code or any other ordinance to the contrary, no criminal penalties shall attach for violation of this article.

**SEC. 104.110. EXEMPTION FOR COLLECTIVE BARGAINING AGREEMENT.**

All of the provisions of this article, or any part of the article, may be waived in a bona fide collective bargaining agreement, but only if the waiver is explicitly set forth in that agreement in clear and unambiguous terms. Unilateral implementation of terms and conditions of employment by either party to a collective bargaining relationship shall not constitute or be permitted as a waiver of all or any part of the provisions of this article.

**SEC. 104.111. ONE-YEAR WAIVER FOR CERTAIN HOTEL EMPLOYERS**

This article is not intended to cause reduction in employment or work hours for Hotel Workers. Therefore, a Hotel Employer that demonstrates to the Controller, by compelling evidence, that compliance with this article would require the Hotel Employer to reduce its workforce by more than 20 percent or curtail its Hotel Workers' total work hours by more than 30 percent, in order to avoid bankruptcy or a shutdown of the Hotel, may receive a waiver, valid for no more than one year, from the requirements in this article. The Controller shall reach a determination only after reviewing and auditing, if



necessary, the Hotel Employer's financial condition, with such review or audit paid for, at rates set by the Controller, by the Hotel Employer. The Controller's determination on a waiver application shall be subject to review and reversal by a two-thirds vote of the City Council within 10 business days of the Controller's determination.

**SEC. 104.112. NO WAIVER OF RIGHTS.**

Except for bona fide collective bargaining agreements, any waiver by a Hotel Worker of any or all of the provisions of this article shall be deemed contrary to public policy and shall be void and unenforceable. Any attempt by a Hotel Employer to have a Hotel Worker waive rights given by this article shall constitute a violation of this article.

**SEC. 104.113. COEXISTENCE WITH OTHER AVAILABLE RELIEF FOR SPECIFIC DEPRIVATIONS OF PROTECTED RIGHTS.**

This article shall not be construed to limit a Hotel Worker's right to bring legal action for violation of other minimum compensation laws.

**SEC. 104.114. PROCEDURES FOR FURTHER REGULATION.**

A. The City shall not impose new regulatory requirements to pay a living wage exceeding applicable state or federal minimum wage requirements upon any business entity that does not have a business relationship with the City of Los Angeles in the future unless the City Council first secures a study that looks at the effects such a regulation would have:

1. on the industry and/or geographic location targeted, including any potential relocation or cessation of any business;
2. on the consumers or clients served by the industry and/or geographic location, including any increase in pricing they might face; and
3. on the city's and/or geographic location's ability to retain and attract new business to the area.

Such a study shall include an opportunity for public input, and the City Council will hear public testimony regarding the study at least two weeks before acting on any living wage proposal.

B. The City shall not impose new regulatory requirements to pay a living wage unless the industry and region to be regulated receive business benefits stemming from a City asset that match or exceed the benefit from proximity to LAX received by Hotels in the Airport Hospitality Enhancement Zone. Such benefits must be significant, but shall not include any of the following:

1. use of city streets or sidewalks by customers or employees to access the businesses;
2. purchase of water and/or electrical power by the businesses from the City or Department of Water and Power;
3. provision of ordinary police, fire, and paramedic services to persons at the businesses;
4. City refuse collection from the businesses;
5. building or premises inspection by City departments for safety, emergency preparedness, and/or compliance with applicable regulation;
6. business or customer use of City facilities open to the general public; or
7. any other City service provided throughout the City to the general public and /or private businesses.

C. Notwithstanding the foregoing, the City shall not apply the requirements in the preceding section if the industry to be regulated has so many employees being paid less than living wage as to have a significant negative effect on the City economy as a whole. The industry in question must have more than 15,000 employees working in the City. Before acting on such a proposal, the City Council will request a panel of three economists to submit a written report to Council presenting their expert opinion as to whether the industry to be regulated has more than 15,000 employees working in the City and that the number of employees being paid less than a living wage is so substantial as to have a significant negative effect on the City economy as a whole. The panel of three economists shall have one member selected by the County Federation of Labor, one member selected by the Los Angeles Area Chamber of Commerce, and one member selected by the other two members.

D. None of the procedures or intended requirements in this section shall apply to any living wage regulation that the City Council and Mayor decide to place before the voters for approval before the regulation takes effect.

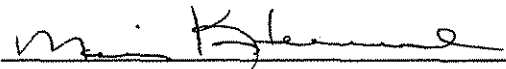
#### **SEC. 104.115. SEVERABILITY.**

If any provision of this article is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect, excepting only that if section 104.104.A is held invalid, then section 104.103.B shall also be considered invalid and of no effect.

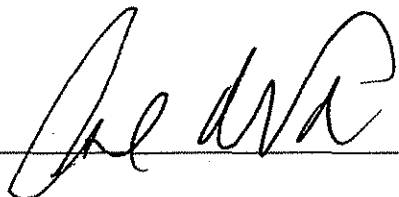
Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that the foregoing ordinance was introduced at the meeting of the Council of the City of Los Angeles of FEB 13 2007 and was passed at its meeting of FEB 21 2007.

FRANK T. MARTINEZ, City Clerk


By   
Deputy

Approved FEB 26 2007

  
Mayor

Approved as to Form and Legality

ROCKARD J. DELGADILLO, City Attorney

By   
THERESA STAMUS  
Assistant City Attorney

Date February 13, 2007

File No. 06-0362-S3