

# **NO on the Costly Restaurant Ordinance**

LA restaurants are already struggling to survive.

## Background

Los Angeles is home to more than 1,500 quick-service restaurants. The **overwhelming majority of these local restaurants are independent small businesses—locally owned by people of color, immigrants and women.** LA restaurants are already struggling to survive the state's new **\$20/hour minimum wage for fast food workers**—a 25% wage hike—and other growing operating costs. Now, the City of LA is considering a new unnecessary, duplicative and costly ordinance that **unfairly targets local restaurants**—yet again—and would **further increase food costs** for families already struggling.

***Here's why LA restaurant owners, small businesses, consumers and others **OPPOSE** the Costly Restaurant Ordinance:***



**The Ordinance would further crush local restaurant owners—jeopardizing their very existence.**

- The \$20/hr minimum wage is projected to cost local restaurant owners **\$250,000 per restaurant, per year.** To offset costs, **local restaurants have been forced** to increase food prices, lay off employees and cut hours.
- According to the Bureau of Labor Statistics, LA County has **lost 9,698 fast food jobs** since AB 1228 passed in September 2023.
- Since AB 1228 passed in September 2023, **760 restaurants have permanently closed in the City of Los Angeles**, with owners citing the \$20/hr minimum wage and unsustainable operating costs as key reasons for closing.
- A recent study by Oxford Economics found the **Ordinance** would add **\$48,312 annually in new costs for a restaurant with 25 employees** and **\$96,624 annually for a restaurant with 50 employees.**
- The **Ordinance** would lead to **more layoffs, even higher food prices** and would be the **final straw that forces many LA restaurants to shut down for good.**
- Nearly **60% of California's restaurants are owned by people of color** and **50% are owned by women.** Further, **70% of franchisees only own one restaurant.**
- Singling out these local restaurants and minority-owned small businesses—yet again—is unfair and unjustified.

**In a recent survey of local restaurant owners impacted by the \$20/hr minimum wage:**

-  **98% reported already raising food prices**
-  **89% reported reducing employee hours**
-  **74% reported an increased likelihood of shutting down**
-  **70% reported reducing staff or consolidating positions**



## The Ordinance is unnecessary and duplicative.

- California law already requires local restaurant owners to provide every employee with **extensive notices of their rights** and **training** on topics like violence and sexual harassment, health and workplace safety, and food safety and handling.
  - These notices and trainings are provided both upon hire and on an ongoing basis.
- Further, California just established a **statewide Fast Food Council specifically charged with developing minimum standards for training**, worker protections, health and safety for fast food workers.
- **It makes no sense for LA to pass a duplicative and potentially conflicting city ordinance** that would further strain local restaurants before the Fast Food Council even has a chance to function as intended.

### The Costly Restaurant Ordinance would:



Mandate **new rigid scheduling requirements** that limit employee flexibility.



Require restaurants to **send employees off-site to complete unnecessary and duplicative training** provided by outside third parties.



## The Ordinance would increase food costs for families already struggling.

- Since AB 1228 passed, local restaurants have been forced to **increase food prices by 14.5%**—nearly double the national average.
- The **Ordinance** would add **\$48,312 annually in new costs for a restaurant with 25 employees** and **\$96,624 annually for a restaurant with 50 employees**. These costs will be passed along to consumers, **driving food prices even higher, making it harder for families**—especially low-income households and seniors—to **access the affordable, convenient meals they depend on**.
- If more restaurants are forced to close, entire neighborhoods—especially those in underserved areas—could lose access to affordable dining options.



## LA is facing a \$1 BILLION budget crisis and 600 layoffs—now is not the time for new, unnecessary costly programs.

- With over **600 worker layoffs** and **critical services already being cut** as a result of the City's budget deficit, this **Ordinance** would divert scarce resources to implement **unnecessary new mandates the City can't afford to enforce**.
- **The City would be responsible for training and compliance for an estimated 91,500 workers each year—creating a massive administrative burden for already understaffed and underfunded city departments.**
- The **Ordinance** would require hiring staff in departments that are slated for deep cuts—including the Office of Wage Standards which is set to lose nearly half (48%) of its workforce. The Bureau of Contract Administration (BCA) warned that **these cuts would severely hinder enforcement of existing labor laws**, let alone new mandates.
- The City Council should focus on economic recovery and protecting critical jobs and services—not new, duplicative programs that will further **strain city resources and hurt small businesses**.

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