

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, **California has lost 25,811 fast food jobs** since AB 1228 passed in September 2023.
- Since AB 1228 passed in September 2023, **more than 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 impose **\$48,312 annually in new direct costs for a restaurant with 25 employees and \$96,624 annually for restaurants 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 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 impose **\$48,312 annually in new direct costs for restaurants with 25 employees and \$96,624 annually for restaurants 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 just passed a budget with deep cuts to city services and layoffs —now is not the time for costly new programs.

- With over **600 worker layoffs** and **critical services already cut** due to the City's budget deficit, this **Ordinance** would divert scarce resources to implement **unnecessary new mandates** the City can't afford to enforce.
- **If passed, the City would be responsible for developing, implementing and enforcing new programs for ~91,500 workers each year**—creating massive administrative burdens for already **understaffed and underfunded city departments**.
- 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**.

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.