

City Clerk's Notice -- Ordinance No. 188610 is effective on September 8, 2025.

(The effective date of the Ordinance was suspended based on the filing of a referendum petition against the ordinance on June 27, 2025. The City Clerk issued a Certification of Insufficiency with regard to that referendum petition on September 8, 2025. Pursuant to Charter Section 461(c), Ordinance No. 188610 shall take effect upon the date of the Certification of Insufficiency.)

Sec. 23. Section 10.37 of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 10.37. Legislative Findings.

The City awards many contracts to private firms to provide services to the public and to City government. Many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. The City expends grant funds under programs created by the federal and state governments. These expenditures serve to promote the goals established for the grant programs and for similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established and ensure that employers that receive City contracts and/or financial assistance pay a living wage to their employees.

Underpaying employees fosters high turnover, absenteeism and lackluster performance, and tends to inhibit the quantity and quality of services rendered by those employees to the City and to the public. Conversely, studies show that higher wages lead to increases in worker productivity, improves customer service, and results in a decline in worker turnover. Lowering employee turnover is particularly important at the airport, as it yields savings to the employers and alleviates potential security concerns. Through this article, the City intends to require service contractors to provide a minimum level of compensation which will improve the level of services rendered to and for the City. Further, due to the importance of maintaining a safe and secure airport, the City finds that a higher wage for airport employees is needed to reduce employee turnover and retain a qualified and stable workforce.

LAX is a major economic engine in Los Angeles, yet many workers at the airport are struggling to keep a roof over their heads and support their families. The airline industry benefited from significant government support during the COVID-19 pandemic, including more than \$45 billion in total payments to the top five domestic airline carriers through the CARES Act's Payroll Support Program (PSP), along with an additional \$5 billion to contractors and subcontractors. The airline industry is now rebounding to near pre-pandemic levels, and the City is investing in the industry's future growth as Los Angeles prepares to host the 2026 World Cup and the 2028 Olympics. This investment includes major infrastructure and development projects, including a \$6 billion expansion at LAX. Meanwhile, the airport workers who keep the tourism industry functioning, safe, and profitable – including janitors and security guards, airplane cabin cleaners, airline catering workers, airline passenger service workers, airport restaurant and retail workers, and others – are facing housing insecurity as Los Angeles grapples with an unprecedented housing and homelessness crisis.

While airport workers benefit from this article, the wage rates have not kept up with the rising tide of inflation and cost of living in Los Angeles. Further, according to an

April 2022 report presented by the City's Chief Administrative Office, the health benefits requirement for airport workers has not kept up with the rising costs of family health insurance coverage. As a result, many airport workers and their families, who were among the hardest hit during the pandemic, now lack quality, affordable health insurance.

Moreover, data gathered by the Los Angeles Alliance for a New Economy in 2024 demonstrates that airport workers, on average, do not work full time, and that approximately 25% of airport workers work part-time. Accordingly, the health benefits provided to airport workers must be increased to ensure more airport workers receive adequate healthcare benefits.

An analysis conducted by Berkeley Economic Advising and Research LLC ("BEAR") in 2024 revealed that modest adjustments in wage distribution for airport workers can substantially enhance equity for the tourism industry, especially for businesses that have proactively embraced fairer pay and comprehensive benefits. Furthermore, BEAR found that implementing minimum wage and health benefit adjustments for airport workers will provide substantial net benefits for the City of Los Angeles, the County of Los Angeles, and the neighboring areas. Indeed, BEAR found that, by 2028, increases to wages and health care benefits for tourism workers are projected to generate nearly \$700 million in additional income for the City of Los Angeles and nearly \$1.2 billion regionally, while also creating approximately 6,000 new full-time equivalent jobs in the City of Los Angeles and over 12,000 across the region.

The City holds a proprietary interest in the work performed by many employees of City lessees and licensees and by their service contractors, subcontractors, sublessees and sublicensees. The success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by such businesses. By increasing the wage and health benefits for these employees, the City seeks to improve employee performance towards the success of the City's operations and airport enterprise.

Sec. 24. Subsections (c) through (n) of Section 10.37.1 of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code are relettered (d) through (o), respectively, and a new subsection (c) is added to read as follows:

(c) **"Airport Concessionaire"** means any Employer, with respect to the Airport, which is engaged in the sale of goods or services to the public at the Airport under an agreement with the Airport, another Concessionaire, or the operator or lessee of a terminal.

Sec. 25. Subdivision (2) of Section 10.37.2(a) of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code is amended to read as follows:

(2) **Airport Employee Wages.**

(i) If an Employer servicing the Airport provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. Beginning on July 1, 2024, the wage rate for an Employee shall be no less than \$19.28 per hour.

b. Beginning on July 1, 2025, the wage rate for an Employee shall be no less than \$22.50 per hour.

c. Beginning on July 1, 2026, the wage rate for an Employee shall be no less than \$25.00 per hour.

d. Beginning on July 1, 2027, the wage rate for an Employee shall be no less than \$27.50 per hour.

e. Beginning on July 1, 2028, the wage rate for an Employee shall be no less than \$30.00 per hour.

f. Beginning on July 1, 2029, and annually thereafter on July 1, the hourly wage rate for an Employee of an Employer servicing the Airport shall be adjusted higher by a percentage equal to the percentage increase, if any, in the Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles metropolitan area, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st, or within two weeks of the release of the prior year's CPI-W, whichever is later, and publish a bulletin announcing the adjusted hourly wage rates, which shall take effect on July 1st of each year.

(ii) If an Employer servicing the Airport does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section 10.37.2(a)(2)(i) and an additional wage rate as follows:

a. Beginning on July 1, 2024, an Employer servicing the Airport shall pay an additional wage rate of \$5.95 per hour.

b. Beginning on July 1, 2025, an Employer servicing the Airport shall pay an additional wage rate of

\$7.65 per hour.

c. Beginning on July 1, 2026, an Employer servicing the Airport shall pay an Employee an additional wage rate per hour equal to the health benefit payment in effect for an Employee pursuant to Section 10.37.3(a)(5).

Sec. 26. Subsection (a) of Section 10.37.3 of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code is amended to read as follows:

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment by an Employer of at least \$1.25 per hour to Employees towards the provision of health care benefits for an Employee and dependents. Beginning on July 1, 2024, the payment amount for health benefits provided to an Employee working for an Employer servicing the Airport shall be at least \$5.95 per hour. Beginning on July 1, 2025, the payment amount for health benefits provided to an Employee working for an Employer servicing the Airport shall be at least \$7.65 an hour.

(1) Proof of the provision of such benefits must be submitted to the Awarding Authority to qualify for the wage rate in Section 10.37.2(a) for Employees with health benefits.

(2) Health benefits include health coverage, dental, vision, mental health, and disability income. For purposes of this article, retirement benefits, accidental death and dismemberment insurance, life insurance and other benefits that do not provide medical or health related coverage will not be credited toward the cost of providing Employees with health benefits.

(3) If the Employer's hourly health benefit payment is less than that required under this article, the difference shall be paid to the Employee as an additional hourly wage.

(4) Health benefits are not required to be paid on overtime hours.

(5) Beginning on July 1, 2026, and annually thereafter each July 1, the payment amount for health benefits provided to an Employee working for an Employer servicing the Airport shall be adjusted by a percentage equal to the percentage increase, if any, in the California Department of Managed Healthcare's Large Group Aggregate Rates (LGAR) report, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on April 1st, or within two weeks of the release of the prior year's LGAR report, whichever is later, and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

Sec. 27. Subsection (a) of Section 10.37.6 of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

(a) **Civil Enforcement Action by Employee.** An Employee claiming violation of this article may bring a civil action in the Superior Court of the State of California against an Employer.

(1) **Notice to Employer and Cure Period Before Filing a Civil Action.** Before an Employee or the Employee's representative can file a civil action alleging a violation of the Living Wage Ordinance, the following requirements must be met:

(i) The Employee or the Employee's representative must provide written notice to the Employer of the provisions of the Living Wage Ordinance alleged to have been violated and the facts to support the alleged violations; and

(ii) The Employer has not, within 30 days of receipt of the written notice, taken action to cure the alleged violations.

(2) **Remedies Payable to a Prevailing Plaintiff in a Civil Action.** An Employee, upon prevailing in a Civil Action, shall be entitled to such legal or equitable relief as may be appropriate to remedy the violation, including, without limitation:

(i) For failure to pay wages required by this article, back pay shall be paid for each day during which the violation occurred.

(ii) For failure to comply with health benefits requirements pursuant to this article, the Employee shall be paid the differential between the wage required by this article without health benefits and such wage with health benefits, less amounts paid, if any, toward health benefits.

(iii) For retaliation the Employee shall receive reinstatement, back pay or other equitable relief the court may deem appropriate.

(iv) For Willful Violations, the amount of monies to be paid under Subdivisions (i) – (iii), above, shall be trebled.

Sec. 28. The first paragraph of Subsection (e) of Section 10.37.6 of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code is amended to read as follows:

(e) An Employee claiming violation of this article may report the claimed violation to the DAA, which shall determine whether this article applies to the claimed

violation. There shall be no cure period required before an Employee may report the claimed violation to the DAA.

Sec. 29. The first paragraph of Section 10.37.7 of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code is amended to read as follows:

The DAA shall administer the requirements of this article and monitor compliance, including the investigation of claimed violations. The DAA shall promulgate rules and procedures consistent with this article for the implementation of the provisions of this article. The DAA shall also issue determinations that persons are City Financial Assistance Recipients, that particular contracts shall be regarded as "Service Contracts" for purposes of Section 10.37.1(m), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(l), when it receives an application for a determination of non-coverage or exemption as provided for in Section 10.37.14 and 10.37.15.

Sec. 30. Section 10.37.8 of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 10.37.8. City is a Third-Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.

Any contract an Employer executes with a Contractor or Subcontractor, as defined in Sections 10.37.1(g) and (n), shall contain a provision wherein the Contractor or Subcontractor agrees to comply with this article and designate the City as an intended third-party beneficiary for purposes of enforcement directly against the Contractor or Subcontractor, as provided for in Section 10.37.6 of this article.

Sec. 31. Section 10.37.13 of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 10.37.13. Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.

The definitions of "City Financial Assistance Recipient" in Section 10.37.1(f), of "Public Lease or License" in Section 10.37.1(l), and of "Service Contract" in Section 10.37.1(m) shall be liberally interpreted to further the policy objectives of this article. All City Financial Assistance Recipients meeting the monetary thresholds of Section 10.37.1(f), all Public Leases and Licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services shall be presumed to meet the corresponding definition mentioned above, subject, however, to a determination by the DAA of non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with the City of their opportunity to apply for a determination of non-coverage or exemption and procedures for making determinations on such applications.

Sec. 32. Subsection (e) of Section 10.37.15 of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

(e) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to and at the request of an individual Employee who is eligible for benefits under Medicare, a health plan through the U.S. Department of Veteran Affairs or a health plan in which the Employee's spouse, domestic partner or parent is a participant or subscriber to another health plan. An Employee who receives this waiver shall only be entitled to the hourly wage pursuant to Section 10.37.2(a)(2)(i) and an additional wage rate of:

1. \$100 per month for a full-time employee as defined by the Affordable Care Act (ACA) and who works at least 30 hours per week or 130 hours per month; or
2. \$50 per month for a half-time employee as defined by the ACA and who works less than 30 hours per week or 130 hours per month.

Sec. 33. A new Subsection (f) is added to Section 10.37.15 of Article 11, Chapter 1, Division 10 of the Los Angeles Administrative Code to read as follows:

(f) Hardship Waiver for Airport Concessionaires with Less than 50 Employees.

(1) Airport Concessionaires subject to a lease agreement at Los Angeles International Airport that is in effect at the time of the passage of the ordinance and who have less than 50 employees may apply for a one-year hardship waiver from the requirements of this article.

(2) Hardship Waiver Application. The DAA shall grant a waiver from the requirements of this article to any Airport Concessionaire who demonstrates that compliance with this article would require the Airport Concessionaire, in order to avoid bankruptcy or a shutdown of the Airport Concessionaire's enterprise, to reduce its workforce by more than 20 percent or curtail its employees' total hours by more than 30 percent. The DAA shall grant such a hardship waiver only after reviewing the Airport Concessionaire's financial condition at the Airport Concessionaire's expense. A waiver granted under this section shall be valid for no more than one year.

(3) Notice of hardship waiver application. Prior to submitting a hardship waiver application pursuant to this section, an Airport Concessionaire shall provide written notice of the waiver application to all Employees employed by the Airport Concessionaire. Within three days of receiving a waiver determination from the DAA under this section, an Airport Concessionaire shall provide written notice of the determination to all Employees employed by the

Airport Concessionaire.

(4) An Airport Concessionaire that receives a hardship waiver under this Article shall be granted a 12-month delay in providing any new wage and health benefit increases that occur after the date the completed hardship waiver application is received by the DAA. An Airport Concessionaire that is granted a hardship waiver must continue to provide its Employees with the wage, health payment, and other benefits that were in effect on the date the DAA received the hardship waiver application.

Sec. 34. 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.

Approved as to Form and Legality

HYDEE FELDSTEIN SOTO, City Attorney

By Dania Minassian
DANIA MINASSIAN
Deputy City Attorney

Date 5/15/25

File No. 14-1371-S13

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The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles.

CITY CLERK



MAYOR



Ordinance Passed May 23, 2025

Approved 05/27/2025

Ordinance Published:05/29/2025

Ordinance Effective Date: 09/08/2025 Charter Section 461(c))