



The City of San Diego

Staff Report

DATE ISSUED: June 17, 2025

TO: City Council

FROM: Council District 9

SUBJECT: Hospitality Minimum Wage Ordinance for Certain Workers at Hotels, Event Centers, Amusement Parks, and Zoos Within the Geographic Boundaries of the City of San Diego

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Council District(s): Citywide

OVERVIEW:

This item proposes the City of San Diego Hospitality Minimum Wage Ordinance, which would establish an hourly minimum wage starting at \$25 for workers at amusement parks, event centers, hotels, and zoos.

PROPOSED ACTIONS:

Direct the Council District 9 office to work with the City Attorney's Office to prepare a final Hospitality Minimum Wage Ordinance for City Council consideration.

DISCUSSION OF ITEM:

Summary

The hospitality industry is one of San Diego's largest economic sectors. It is also the sector that pays some of the lowest wages. This impacts San Diegans' ability to live and thrive in the region, which is one of the most expensive in the United States. To address these issues and disparities, Councilmember Elo-Rivera proposes an ordinance that:

- Establishes a \$25 hourly minimum wage for workers at amusement parks, event centers, and zoos, as defined, as well as hotels with at least 150 guest rooms.
- The prior year's increase in the cost of living is measured by the percentage increase, if any, as of August of the immediately preceding year over the level as of August of the previous year of the Consumer Price Index (Urban Wage Earners and Clerical Workers, U.S. City Average for All Items) or its successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase rounded to the nearest multiple of five cents.
- Matches the Federal or State minimum wages, if such wages for the relevant occupations exceed the City's minimum wage.
- Goes into effect January 1, 2026.

This proposal follows similar actions in Los Angeles and Long Beach, and the goal of the ordinance is to address the cost of living by paying workers more. Workers' labor is what creates the value that drives corporate profits and that provides the foundation for our local economy.

Background

In 2016, the City Council adopted the Earned Sick Leave and Minimum Wage Ordinance, which established a minimum wage within the geographic boundaries of the City. The hourly minimum wage established then was \$10.50 and has since risen to \$17.25.

The City's minimum wage is greater than California's and far exceeds the federal government's minimum wage, but San Diego's high cost of living makes it difficult to live here earning the hourly minimum wage. According to the Massachusetts Institute of Technology (MIT) Living Wage Calculator, a single-person household would need to earn \$30.71 per hour in San Diego County to support themselves while working full-time. A two-adult and one-child household would need to earn \$49.13 per hour.¹ This means a single San Diegan earning minimum wage would need to earn 78% more to properly support themselves in San Diego. A family of three would need to earn 42% more.

Hospitality industry wages

Low wages are an acute issue within the hospitality industry. The Economic Policy Institute (EPI), a nonprofit, nonpartisan think tank, found that, among all industries in the US, leisure and hospitality possess the largest share of workers earning less than \$18 per hour.² This reveals itself locally.

The median hourly wage in San Diego County for janitors and cleaners is \$17.60, which is just thirty-five cents more than the City's minimum wage. At \$17.07, entertainment attendants and related workers earn a median hourly wage less than the City's minimum wage. Maids and housekeeping cleaners earn a median hourly wage of \$18.67.³ None of these occupations within the hospitality industry earn a wage approaching the living wage in San Diego as determined by MIT.

The relatively low pay in the hospitality industry has significant impacts on the San Diego region because of the size of the industry. According to the San Diego Tourism Authority (SDTA), "Visitor activity supports 1 in 8 San Diego jobs in fields directly and indirectly related to the hospitality industry",⁴ and tourism is one of the four base sectors that constitute the backbone of San Diego's economy.⁵

As of March 2025, the city of San Diego had 726,600 jobs.⁶ Extrapolating SDTA estimates results in nearly 91,000 jobs in the city being supported by visitor activity. Therefore, the "backbone of San Diego's economy" is paying wages to tens of thousands of San Diegans that, depending on the household and job type, are roughly half of what is needed to live here.

Challenges for local low-wage workers

Housing

Housing is typically a household's greatest monthly expense, and the Legislative Analyst's Office (LAO), the California Legislature's nonpartisan fiscal and policy advisor, found that "housing in California's major metro areas... is unaffordable for minimum wage workers." The affordability problem becomes more extreme for working parents. "In eight coastal counties [including San Diego] ... a household of two minimum-wage workers and one child faces housing costs that exceed half of their gross income."⁷

¹ Living Wage Calculation for San Diego County, California," Massachusetts Institute of Technology Living Wage Calculator, <https://livingwage.mit.edu/counties/06073>

² "Low Wage Workforce Tracker," Economic Policy Institute, <https://www.epi.org/low-wage-workforce/>.

³ "May 2023 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates, San Diego-Carlsbad, CA," US Bureau of Labor Statistics, https://www.bls.gov/oes/current/oes_41740.htm

⁴ 7 "San Diego County 2024 Visitor Industry General Facts," San Diego Tourism Authority, <https://www.sandiego.org/about/industry-research.aspx>

⁵ City of San Diego Economic Development Department, "Key Facts and Figures," <https://www.sandiego.gov/economicdevelopment/sandiego/facts>

⁶ "Labor Force and Unemployment Rate for Cities and Census Designated Places," California Employment Development Department, <https://labormarketinfo.edd.ca.gov/data/labor-force-and-unemployment-for-cities-and-census-areas.html>

⁷ "California's Low-Wage Workers and Minimum Wage: Is the Minimum Wage High, Low, or Somewhere in Between?" Legislative Analyst's Office, March 11, 2024, <https://lao.ca.gov/Publications/Report/4878/3>

Assuming each parent works 40 hours a week, the example household in the LAO report would earn roughly \$72,000 in San Diego. This household would then qualify as very-low income (VLI). As such, the household would be eligible for assisted housing programs, “including the Public Housing, Section 8 project-based, Section 8 Housing Choice Voucher, Section 202 housing for the elderly, and Section 811 housing for persons with disabilities programs.”⁸

However, these resources are extremely scarce. The San Diego Housing Commission (SDHC) maintains a waiting list for rental assistance vouchers that exceeds 71,000 households. The estimated average time on the waiting list is 15 years.⁹ The vast majority of low-wage San Diegans, including workers in the hospitality industry earning the minimum wage, rely on the private market to provide for their housing needs. There is little respite there.

In San Diego County, rents rose roughly 25% between April 2021 to April 2025, a 6.25% annual rate of increase.¹⁰ Renters in San Diego County need to earn \$49.44 per hour, or 2.9 times the City’s minimum wage, to afford the average monthly asking rent of \$2,571. Among VLI households – or those earning the City’s minimum wage – only 11% are not burdened by housing costs. Half of all VLI households are extremely burdened by housing costs (i.e. spending more than 50% of gross income on housing). And there is a shortfall of 135,211 homes affordable to extremely-low and very-low income households.¹¹

The primary cause of homelessness is the intertwined issues of a lack of affordable housing and income not keeping up with housing costs.¹² This is bearing out in San Diego. From October 2021 to October 2024, as rents increased 6.25% annually, the number of residents that became newly homeless exceeded the number of homeless residents who were permanently housed, and this was true in four of the first six months of the 2025 reporting period.¹³ The City, then, has an interest in preventing furthering homelessness by legislating higher wages.

Others costs

At 3.8%, “San Diego in May [2025] had the highest inflation rate in the nation by a notable margin,” reported the *San Diego Union-Tribune*. “On an annual basis, here are the areas where prices changed in San Diego County:

- “Shelter, including rent and owners’ equivalent of rent, was up 5.3%.
- Transportation costs, which include automobile maintenance, vehicle parts and car insurance, were up 2.5%. Used car and truck prices were up 2.2%.
- Medical care: Up 3.7%.”¹⁴

In 2021, the Consumer Price Index in San Diego rose 5.2%. In 2022, it rose 7.7%, and a year later another 5.2%.¹⁵ These cost increases impact consumers’ purchasing power and depending on the occupation exceed wage growth in the same period.

Impacts to the City

The City does much to support the hospitality industry and the facilities subject to the proposed Hospitality Minimum Wage Ordinance, including:

- Established and maintains the San Diego Tourism Marketing District, with a proposed FY2026 budget of \$62,243,615.

⁸ “Income Limits,” US Department of Housing and Urban Development, <https://www.huduser.gov/portal/datasets/il.html>.

⁹ “At-A-Glance: Creating & Preserving Affordable Housing,” San Diego Housing Commission, Updated March 31, 2025.

¹⁰ “Rent of primary residence in San Diego-Carlsbad, CA, all urban consumers, not seasonally adjusted,” US Bureau of Labor Statistics.

¹¹ “San Diego County 2025: Affordable Housing Needs Report,” California Housing Partnership, May 2025, https://www.housingsandiego.org/s/San-Diego_Housing_Report.pdf

¹² “The Reality of Homelessness,” National Alliance to End Homelessness, <https://endhomelessness.org/overview/>.

¹³ RTFH HMIS Monthly Data Reports, Regional Task Force on Homelessness, <https://www.rtfhsd.org/reports-data/>.

¹⁴ “San Diego has highest inflation in the nation for second month,” Phillip Molnar, San Diego Union-Tribune, June 11, 2025, <https://www.sandiegouniontribune.com/2025/06/11/san-diego-has-highest-inflation-in-the-nation-for-second-month/>

¹⁵ “Consumer Price Index: San Diego MSA,” California Employment Development Department, Accessed May 14, 2025.

- Maintain the “zoo tax,” a property tax assessment that, in Fiscal Year 2025, resulted in a taxpayer subsidy to the San Diego Zoo of \$20,975,719.
- Offer below-market or no-cost rents for lessees and concessionaires in Balboa Park.¹⁶
- Offer no-cost public parking at Balboa Park, Mission Bay, and City beaches.
- Use City staff time to lobby for cruise and airline routes to San Diego.
- Administer Special Promotional Programs “focused on increasing tourism, promoting artistic and cultural amenities, attracting businesses and economic activity, and supporting visitor-related facilities.”¹⁷
- Implement Proposition C (2008) and Measure J (2016), which require that most lease revenue generated in Mission Bay Park be appropriated to capital improvements in Mission Bay Park.
- Maintain roads to and from hospitality facilities at no cost to users.
- Maintain water, sewer, and stormwater utilities that serve the hospitality industry.

These expenditures support the hospitality industry and tourism and entertainment activities, with the rationale being that these investments result in greater returns in sales tax and transient occupancy tax (TOT) receipts. These in turn support general City programs and services. This gives the City an interest in the competitiveness of the hospitality industry, and a part of that is creating the conditions for a skilled and experienced workforce. Low wages are correlated with high employee turnover,¹⁸ and research shows that minimum wage increases result in local economic stimulus.¹⁹

Subsidizing low wages

Taxpayers subsidize corporations for workers’ low pay when those workers are forced to rely on public assistance programs like rental assistance vouchers. At a national level, research has shown that US taxpayers pay \$152.8 billion in lieu of employers paying adequate living wages and benefits and that raising the federal minimum wage would decrease enrollment in SNAP and save taxpayers billions.²⁰

With local funds, the City offers its own public assistance programs, including the Housing Instability Prevention Program and the Eviction Prevention Program. Additionally, the Fiscal Year 2026 budget proposes \$53.2 million in direct spending to support the City’s homelessness efforts. Therefore, local taxpayers are subsidizing corporations for the low wages they pay San Diegans.

Hospitality industry growth and success

San Diego’s tourism industry isn’t just large. It has also been thriving.

“San Diego concluded 2024 on a high note, cementing its position as one of the top-performing hospitality markets in the country and Best in the West for hotel occupancy rate,” wrote the San Diego Tourism Authority in January. “According to the latest STR report, the county ranked third among the Top 25 U.S. markets for hotel occupancy over the course of 2024, reaching 74.3%, representing a 1.1% increase year-over-year.” In 2024, San Diego exceeded market forecasts and booked 17.5 million rooms.²¹

¹⁶ Balboa Park Groups Run Big Budgets, But Pay Virtually No Rent,” Kinsee Morlan, Voice of San Diego, September 24, 2018, <https://voiceofsandiego.org/2018/09/24/balboa-park-groups-run-big-budgets-but-pay-virtually-no-rent/>

¹⁷ “Review of the Fiscal Year 2026 Proposed Budget,” Office of the Independent Budget Analyst, <https://www.sandiego.gov/sites/default/files/2025-04/review-of-fy26-proposed-budget.pdf>

¹⁸ “Turnover, Prices, and Reallocation: Why Minimum Wages Raise the Incomes of Low-Wage Workers,” Ben Zipperer, Economic Policy Institute, 2022, <https://escholarship.org/content/qt9nz5z03m/qt9nz5z03m.pdf?t=rj0xbp>

¹⁹ “Raising the Minimum Wage Would Boost an Economic Recovery—and Reduce Taxpayer Subsidization of Low-Wage Work,” Center for American Progress, January 27, 2021, <https://www.americanprogress.org/article/raising-minimum-wage-boost-economic-recovery-reduce-taxpayer-subsidization-low-wage-work/>

²⁰ Ibid.

²¹ “A Review of the 2024 Hospitality Industry: San Diego Claims Best in the West Title for Hotel Occupancy Rate,” San Diego Tourism, January 30, 2025, <https://connect.sandiego.org/2025/01/30/san-diego-review-of-2024-hospitality-industry/>

The industry is poised for further growth. A Tourism Economics report shows San Diego visitor volume and spending is expected to increase through 2028,²² and there are 906 hotel rooms under construction in the City of San Diego. Another 1,900 rooms are in the planning phases.²³ The thousands of new and existing rooms are meant to accommodate the roughly 32 million annual visitors to San Diego County, making it one of the most visited regions in the country. As the hospitality industry continues to grow, it's important that its workers are not left behind.

Covered facilities and employers

The local hospitality industry does face challenges, due in part to the policies of the Trump Administration. Tariffs and fiscal policies are driving up costs and roiling markets, while immigration policy and rhetoric around US allies like Canada are dampening tourism. This is why the Hospitality Minimum Wage Ordinance focuses on large corporations and facilities in the hospitality industry.

The Pew Research Center found that businesses with 19 employees or fewer comprised 89% of all small businesses in the US, yet those businesses accounted for just 29% of the revenue.²⁴ The US Chamber of Commerce determined large corporations account for 56% of the country's gross domestic product.²⁵ Large corporations and facilities are better positioned to weather economic headwinds than small businesses.

Additionally, it should not be workers who bear the burden of economically harmful policies. San Diegans earning minimum wage are not who is driving up construction costs. They are not the ones diminishing consumer demand. They are not limiting international tourism. The hospitality industry will endure through emergent challenges, which means workers' labor will continue to have value. Their pay should be commensurate with that value.

The SDTA confirmed San Diego's unique and beneficial position in the hospitality industry. "San Diego's Tourism Authority offered a more measured, almost hopeful, perspective when it presented its updated forecast to hoteliers last month," the San Diego Union-Tribune wrote recently. "To a degree, the county's tourism industry, it said, is insulated from some of the pullback in longer-haul travel because it has a close-in drive market of some 40 to 50 million people, from Southern California to Arizona and southern Nevada."

The Great Recession offers an illustrative example. "What we saw in 2007, 2008, 2009 as the economy was getting ripped by the housing crisis and the great recession was that, honestly, travel and tourism performance held up really well here in San Diego," SDTA Director of Research Nate Kelley said to the Union-Tribune. "And that's because we have that immense number of people who, instead of going to Hawaii or Asia or Australia, will say, 'You know what, let's stick closer to home.'"²⁶

Amusement parks

The Hospitality Minimum Wage Ordinance defines an amusement park as "a grounds or enclosure comprised of at least 75 contiguous acres operated by the same private business entity located within the geographic boundaries of the City which contains concessions and amusement rides of a permanent nature at a fixed location and whose attractions include entertainment or amusement elements, including amusement rides and stage shows, presented, shown, staged, or offered to the public."

²² "San Diego Travel Forecast," Tourism Economics, January 2025, <https://www.sandiego.org/media/files/research/str/fy24/20250129-visitor-spending-forecast-jan2025.pdf?la=en>

²³ "San Diego County New Supply Development," CoStar, January 2025, <https://www.sandiego.org/media/files/research/supplyupdate/20250130-hotel-pipeline-jan-25.pdf?la=en>

²⁴ "A look at small business in the U.S.," Rebecca Leppert, Pew Research Center, April 22, 2024, <https://www.pewresearch.org/short-reads/2024/04/22/a-look-at-small-businesses-in-the-us/>

²⁵ "Small Business Data Center," U.S. Chamber of Commerce, Updated June 6, 2025, <https://www.uschamber.com/small-business/small-business-data-center>

²⁶ "It's a moving target: San Diego tourism industry prepares for slowdown amid Trump policies," Lori Weisberg, San Diego Union-Tribune, May 1, 2025, <https://www.sandiegouniontribune.com/2025/05/01/its-a-moving-target-san-diego-tourism-industry-prepares-for-slowdown-amid-trump-policies/>

An example of an amusement park of at least 75 acres is SeaWorld San Diego, whose site encompasses nearly 200 acres on public land in Mission Bay Park. SeaWorld San Diego is owned by United Parks & Resorts, a publicly traded corporation headquartered in Orlando, Florida. In 2024, the company generated \$1.725 billion in revenue and reported an adjusted EBITDA, an unofficial measure of profitability, of \$700.2 million. The strong financial performance allowed United Parks & Resorts to return \$482.9 million to shareholders in the form of stock buybacks.

"We are pleased to report another quarter and fiscal year of strong financial results," Marc Swanson, Chief Executive Officer of United Parks & Resorts, Inc, said in a press release. "In the fourth quarter, we delivered near record attendance, record in park per capita and near record total revenue per capita despite particularly poor weather impacting the quarter. For the full year, we delivered near record revenue, record in park per capita and record total revenue per capita despite unfavorable weather during the year. We have now grown in park per capita for 18 of the last 19 quarters and total revenue per capita for 7 straight years. Our revenue strategies are working and continue to demonstrate our pricing power and the strength of consumer spending in our parks."²⁷

In 2025, United Parks & Resorts plans investments and improvements this year at SeaWorld San Diego, including "Jewels of the Sea," a new aquarium exhibit, and reinventing the "Journey to Atlantis" coaster ride.²⁸

Event Centers

The definition of 'event center' in the Hospitality Minimum Wage Ordinance includes the following City-owned facilities:

- Petco Park;
- Pechanga Arena San Diego;
- San Diego Convention Center;
- San Diego City Concourse; or
- Civic Theatre

Event center also means any of the following facilities when contracted, leased, or sublet by a private person for a nongovernmental purpose:

- Snapdragon Stadium
- Viejas Arena

Event center also includes any structure constructed or operated at the same geographic location and used for the same purpose as one of the event center facilities identified above, namely, for public performances, sporting events, business meetings, or similar events.

The 'event center' definition aligns with the City's Living Wage Ordinance, which applies to the same City-owned facilities, and the City's Covid-19 Worker Recall and Retention Ordinance, which defined an event center as that exceeding 50,000 square feet or 5,000 seats. Therefore, the facilities subject to the Hospitality Minimum Wage Ordinance are some of the largest such facilities in the City.

The San Diego Padres, for example, lease and operate Petco Park and are worth an estimated \$2.1 billion. In 2024, the team generated \$468 million in revenue.²⁹ The Padres abide by the City's Living Wage Ordinance, but as discussed earlier statutory minimum and living wages pale in comparison to costs of living, and the wealth generated by event centers like Petco Park is not being shared equitably

²⁷ "United Parks & Resorts Inc. Reports Fourth Quarter and Fiscal 2024 Results," United Parks & Resorts, February 26, 2025, <https://www.unitedparksinvestors.com/news-releases/news-release-details/2025/United-Parks--Resorts-Inc.-Reports-Fourth-Quarter-and-Fiscal-2024-Results/default.aspx>

²⁸ Ibid.

²⁹ "Here's where the Padres rank in CNBC's 2025 MLB valuations," NBC7 San Diego, April 15, 2025, <https://www.nbcsandiego.com/news/sports/padres-cnbc-2025-mlb-valuations/3801036/>

with workers—in 2024, Major League Baseball generated a record \$12.1 billion, and league revenues have increased 33% in 10 years.³⁰

This is due in part to surging attendance. According to MLB, “The 2024 Major League Baseball season recorded increases in attendance, viewership, streaming, and fan engagement.”³¹ The league recently announced record attendance for a Wednesday in April or May.³² In San Diego, the Padres broke an attendance record on Opening Day 2025.³³ This followed a 2024 season in which the Padres set a single-season franchise attendance record.³⁴

Another example of the hospitality industry’s strength at the covered event centers is the Convention Center. International tourism is softening, but the convention business is strong. “Five years post the pandemic, the meetings industry is firmly back in San Diego,” wrote the SDTA in its FY2026 Report of Activities. “The San Diego Convention Center is hosting over 50 primary events annually and San Diego continues to deliver one of the nation’s best ‘return on experience’ for attendees.”

This is reflected in hotel occupancy. “In 2024, group business drove 2.6 million room nights at upscale+ properties, edging out the tally from 2019, reflecting 15% of San Diego County Hotel Occupancy,” the SDTA noted.³⁵

Hotel

‘Hotel’ means a privately-owned building designated or used for lodging or other related services for the public located within the geographic boundaries of the City that contains at least 150 guest rooms or suites that may be rented for periods of 30 days or fewer.

Based on industry data, there are 89 hotels in San Diego that contain at least 150 guest rooms. These properties offer over 27,000 rooms. Conversely, there are 180 hotels that contain fewer than 150 guest rooms, and together these hotels offer just over 12,000 rooms. Therefore, the Hospitality Minimum Wage Ordinance focuses on large corporations and properties that have an outsized impact on the local hospitality industry.

For example, the Manchester Grand Hyatt is San Diego’s largest hotel, at 1,628 rooms. It is owned by Host Hotels & Resorts, a publicly traded company based in Maryland whose revenues in 2023 exceeded \$5 billion. The company recently announced a \$100 million renovation of the Manchester Grand Hyatt. “The inspiration for the guestroom decor was the luxury feel of a classic yacht,” wrote the San Diego Union-Tribune in a story about the renovation.³⁶

The headwinds facing the hospitality industry and the broader economy do not deter Host Hotels & Resorts president and CEO Jim Resoleo. On a recent earnings call, Resoleo acknowledged that tariffs may not even impact parts of their properties. “I think it’s a little too early to tell exactly how tariff policy is going to play out. We are maintaining our CapEx guidance as we’ve discussed today. It’s the same numbers that we gave you on the fourth-quarter call in February, and we have a diverse group of

³⁰ MLB reports record \$12.1 billion in revenues for 2024 season,” Matt Snyder, CBS Sports, January 27, 2025, <https://www.cbssports.com/mlb/news/mlb-reports-record-12-1-billion-in-revenues-for-2024-season/>

³¹ “MLB Finishes 2024 Season With Highest Attendance in Seven Years,” MLB, October 1, 2024, <https://www.mlb.com/press-release/press-release-mlb-finishes-2024-season-with-highest-attendance-in-seven-years>

³² “Attendance surges to record high on Wednesday before June,” MLB, May 15, 2025, <https://www.mlb.com/news/mlb-attendance-reaches-high-for-wednesday-in-april-or-may>

³³ Padres break Opening Day attendance record at Petco Park,” Domenick Canelieri, Yahoo! Sports, March 28, 2025, <https://sports.yahoo.com/article/padres-break-opening-day-attendance-234537005.html>

³⁴ Padres set franchise record for season attendance,” Mike Mazzeo, Sports Business Journal, September 23, 2024, <https://www.sportsbusinessjournal.com/Articles/2024/09/23/san-diego-padres-attendance/>

³⁵ “SDTMD – FY2026 Report of Activities,” San Diego Tourism Authority

³⁶ San Diego’s largest hotel undertakes mammoth remodel — including its 40th-story bar,” Lori Weisberg, San Diego Union-Tribune, May 8, 2025, <https://www.sandiegouniontribune.com/2025/05/08/san-diegos-largest-hotel-undertakes-mammoth-remodel-including-its-40th-story-bar/>

suppliers for our products. Obviously, the tariff risk is greatest probably whenever you're doing a guestroom... and it becomes less impactful on other spaces in the hotel."³⁷

Host Hotels & Resorts also owns the 1,366-room Marquis Marriott. The 1,190-room Hilton San Diego Bayfront is owned by Sunstone Hotel Investors, which is a publicly traded corporation based in Aliso Viejo, California. Sunstone's adjusted EBITDA in 2024 was \$229.7 million, and the company "expects to continue to pay a quarterly cash common dividend throughout 2025."³⁸ These three properties dominate San Diego's skyline. This means out-of-town, publicly traded corporations control the City's waterfront and benefit most from nearby tourist and entertainment draws.

Zoos

'Zoo' means an establishment or park comprised of at least 75 acres that maintains or houses a collection of wild animals for public exhibition or display within the geographic boundaries of the City. The Ordinance, then, would apply to the San Diego Zoo, which, along with the Safari Park, attracted 5 million visitors in 2024. This helped the San Diego Zoo Wildlife Alliance achieve \$445 million in revenue last year.³⁹

Examples of other cities/locations

San Diego now lags peer cities when it comes to offering competitive pay in the hospitality industry. The City of Los Angeles recently increased the minimum wage for hotel and airport workers. The hourly minimum wage for those workers will reach \$30 in 2028. In 2024, voters in Long Beach approved Measure RW, which will raise the hourly minimum wage for hotel workers to \$29.50 by July 2028.

The City of San Diego's minimum wage has increased 15% in the last three years. Projecting that forward, the City's minimum wage could reach \$19.84 by 2028. That is more than \$10 per hour less than what Los Angeles' minimum wage for hotel workers will be. Given the proximity and similar costs of living between the Los Angeles area and San Diego, it stands to reason that talented and experienced hospitality workers will be attracted to the higher pay in other jurisdictions. This is concerning because this could degrade the visitor experience in San Diego, making the local hospitality industry less competitive, and therefore result in less sales tax and TOT revenues to City.

Conclusion

San Diego is one of the most expensive places in the US, and the hospitality industry is one of the largest economic sectors in the region. Hospitality workers earning the minimum wage should not be struggling to survive in San Diego, as these workers are the face of our city, greeting and serving visitors. San Diego should work for San Diegans, and improving workers' pay would move the City closer to that vision.

City of San Diego Strategic Plan: This item relates to the Strategic Plan's priority area of Fostering Regional Prosperity. The first focus of that priority area is 'San Diego residents and businesses are supported by a strong local economy, with well-paying jobs, economic activity, and opportunities in every community.' The Hospitality Minimum Wage Ordinance would support this by improving workers' pay and therefore contributing well-paying jobs to the region.

Fiscal Considerations: The Hospitality Minimum Wage Ordinance may incur costs to the City, particularly on monitoring compliance and enforcing its provisions. In consultation with the Independent Budget Analyst and City staff, these costs will be estimated for City Council's consideration.

³⁷ "Hotel execs remain cautiously optimistic as potential tariffs threaten construction budgets," Natalie Harms, CoStar News, May 15, 2025, <https://www.costar.com/article/1531942225/hotel-execs-remain-cautiously-optimistic-as-potential-tariffs-threaten-construction-budgets>

³⁸ Sunstone Hotel Investors Reports Results For Fourth Quarter And Full Year 2024," Sunstone Hotel Investors, February 21, 2025, <https://www.sunstonehotels.com/investor-relations/press-releases/news-details/2025/SUNSTONE-HOTEL-INVESTORS-REPORTS-RESULTS-FOR-FOURTH-QUARTER-AND-FULL-YEAR-2024/default.aspx>

³⁹ "2024 Annual Report," San Diego Zoo Wildlife Alliance.

Charter Section 225 Disclosure of Business Interests: N/A

Environmental Impact: This activity is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and CEQA Guidelines Section 15378(b)(5) as it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment. Thus, this activity is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).

Climate Action Plan Implementation: N/A

Equal Opportunity Contracting Information (if applicable): N/A

Previous Council and/or Committee Actions: On February 27, 2025, the Select Committee on Addressing the Cost of Living voted 3-0 to direct the Council District 9 office to work with the City Attorney's Office, the Independent Budget Analyst, City staff, and impacted workers and businesses to draft an ordinance that establishes a minimum wage for hotel, event center, and janitorial service workers in the tourism sector.

Planning Commission Action: N/A

Key Stakeholders and Community Outreach Efforts: Amusement parks, event centers, and hotels and their workers.

Molly Weber

Chief of Staff