August 21, 2025

Santa Monica City Council
Santa Monica City Manager
Santa Monica City Attorney
Santa Monica City Hall
1685 Main Street
Santa Monica, California 90401

Re: Opposition to Proposed Labor Peace Agreement

Dear Mayor Negrete, Honorable City Councilmembers, City Manager Chi and City Attorney Sloane,

We are writing to express our strong opposition to the proposed Labor Peace Agreement (LPA) mandate for all city-owned properties. As local businesses that have contributed to the character, economy, and vitality of Santa Monica for years, we were deeply disappointed to learn that the Council directed staff to draft this ordinance without public discussion, stakeholder engagement, any data supporting this issue as a systemic problem or an independent economic analysis.

Worst Possible Time

This proposed policy is not only unnecessary and harmful in our view, but also being proposed at the worst possible time, with potentially irreversible consequences for our community. Santa Monica restaurants, hotels and local businesses are struggling with rising costs and customer decline. We have not rebounded since the pandemic and in fact, 2025 has been the hardest year yet. In addition to the continued decline of tourism, the Palisades fire has further impacted our customer base. Most of us are just trying to make it through the summer and keep our people employed.

- Tourism is down about 50% since 2019 with Santa Monica Travel & Tourism reporting declines over the last two years.
- Many restaurants and hotels report July 2025 revenues are worse than in July 2020, which was the peak of COVID-19 restrictions.
- Businesses on the Pier and Ocean Avenue are bracing for an even steeper drop as the Pier Bridge closes for the next two years.
- Part II crime is up 16%, contributing to persistent customer safety concerns that occur nearly daily exacerbating the declining foot traffic.
- A 2023 LA County Economic Development Corp report found over 38,000 businesses closed permanently between 2020–2023, primarily small businesses in retail, food service, and hospitality.

Creates Disincentives to Entry, Investment, and Recovery

We strongly believe that this policy promises to chill investment, reduce competition for city leases, and cause some businesses to leave altogether. It also sets a dangerous precedent of rewriting lease terms midstream without due process or transparency. If adopted, this LPA ordinance would very likely:

- Discourage new businesses from opening on city-owned property
- Force current tenants to reevaluate their ability to stay in Santa Monica
- Undermine the city's stated priority of economic recovery
- Reduce City revenue from leases as vacancies and non-renewals increase

This is the worst possible time to consider such a mandate, even worse than in 2018, when this exact policy was rejected by the entire City Council. They rejected it due to these very concerns, including the loss of local businesses to national chains, increased vacancies, and the legal peril the policy could pose for the City. Today, those same concerns are even more urgent, as Santa Monica's economic conditions have significantly worsened and are even more precarious.

Lead to Further Corporatization of Santa Monica Pushing Local Businesses Out: Local restaurants and businesses are already struggling and the LPA with its higher costs and increased legal costs and burdens can only be absorbed by national chain corporations. This may be what the union ultimately wants as they would most likely rather unionize a national chain to increase their numbers, but it is not what Santa Monica residents want and would destroy what makes Santa Monica, Santa Monica. If we look at LAX or LA County that have adopted similar mandated LPA policies, we will find fewer small businesses and more national corporations taking their place.

Increases Barriers to Entry for Small and Family-Owned Businesses: A mandated LPA policy would likely create disincentives and discourage small or family-owned businesses from leasing or operating on City property. They would not be able to absorb the additional costs like national corporations resulting in a loss of what makes us Santa Monica. Furthermore, participation in City bids and leases will most likely decline, leading to reduced competition and a loss of business diversity. Some businesses may relocate or choose not to renew leases, reducing City lease revenue and weakening the economic vibrancy.

Creates a Chilling Effect: We believe that imposing this mandate creates regulatory uncertainty that deters and disincentivizes investment as businesses and investors will avoid City-owned properties due to the additional cost and risk at a time when the City should be encouraging growth and revitalization.

This policy does not serve the community's interests and will likely further harm our local economy. It will make it harder for small businesses to survive, worsen existing vacancies, reduce City revenues, and is contrary to the City's commitment to support local businesses.

We respectfully urge the City Council to oppose a mandated LPA and instead focus on policies that support a sustainable and inclusive recovery that will benefit local businesses, employees and our community.

Greg Morena
Owner
The Albright - SM Pier Seafood est.1977

Fred Deni & Jim Christel
Owners
Back to the Beach Café

David Houston
Owner
Barney's Beanery

Luke and Sonia Cain
Britannia Pub

Tom Williams
Michael Schimmel
Co-Owners
Burn Fitness

Michael Bezerra
Cabo Cantina
Jameson's

Matthew Sutton
Senior Vice President
California Restaurant Association

Fernando Martin
Owner
Casa Martin Mexican Restaurant

Carlos Alzaola Parson
General Manager
The Cloverfield

Peter Trinh
Partner
Lanea Restaurant

Robert A Lynn
Chief Executive Officer & Founder
LGO Hospitality

Natasha Nathan
Managing Partner
The Lobster

Hunter Hall
Executive Director
Main Street Business Improvement District

Don Luis Camacho
Owner
Mariasol Restaurant

Marlene Gordon
Owner
Marlene's Beachcomber

Jeffrey Jarow
Senior Vice President
PAR Commercial Brokerage

John Moudakis
PAR Commercial Brokerage

Richard & Melody Chacker
Owners
Perry's Café
Blazing Saddles
Sundance Rentals at the Beach

Jeff Klocke
CEO
Pacific Park on the Santa Monica Pier

Joanie Gordon
Co-Owner
Playland Arcade

Alan Mont
Promenade Enterprises L.P.

Colby Goff
Co-Owner
Rustic Canyon Family
(Rustic Canyon, Huckleberry Bakery & Cafe, Sweet Rose Creamery, Milo + Olive, Esters Wine Shop & Bar, Birdie G's)

Judi Barker
Owner/Operator
Santa Monica Air Center/Barker Hangar

Cindy Pfeifer
Co-Executive Director
Santa Monica Pier Business Association (SMPLA)

Kenna Stevens
Owner
Santa Monica Trapeze School

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Cc: City Manager Oliver Chi
City Attorney Doug Sloane
Assistant City Attorney Susan Cola
Armine Chaparyan, Planning Director
Jennifer Taylor, Economic Development Manager
Elana Buegoff, Pier Administrator