



Washington
Hospitality
Association

Local Government Affairs

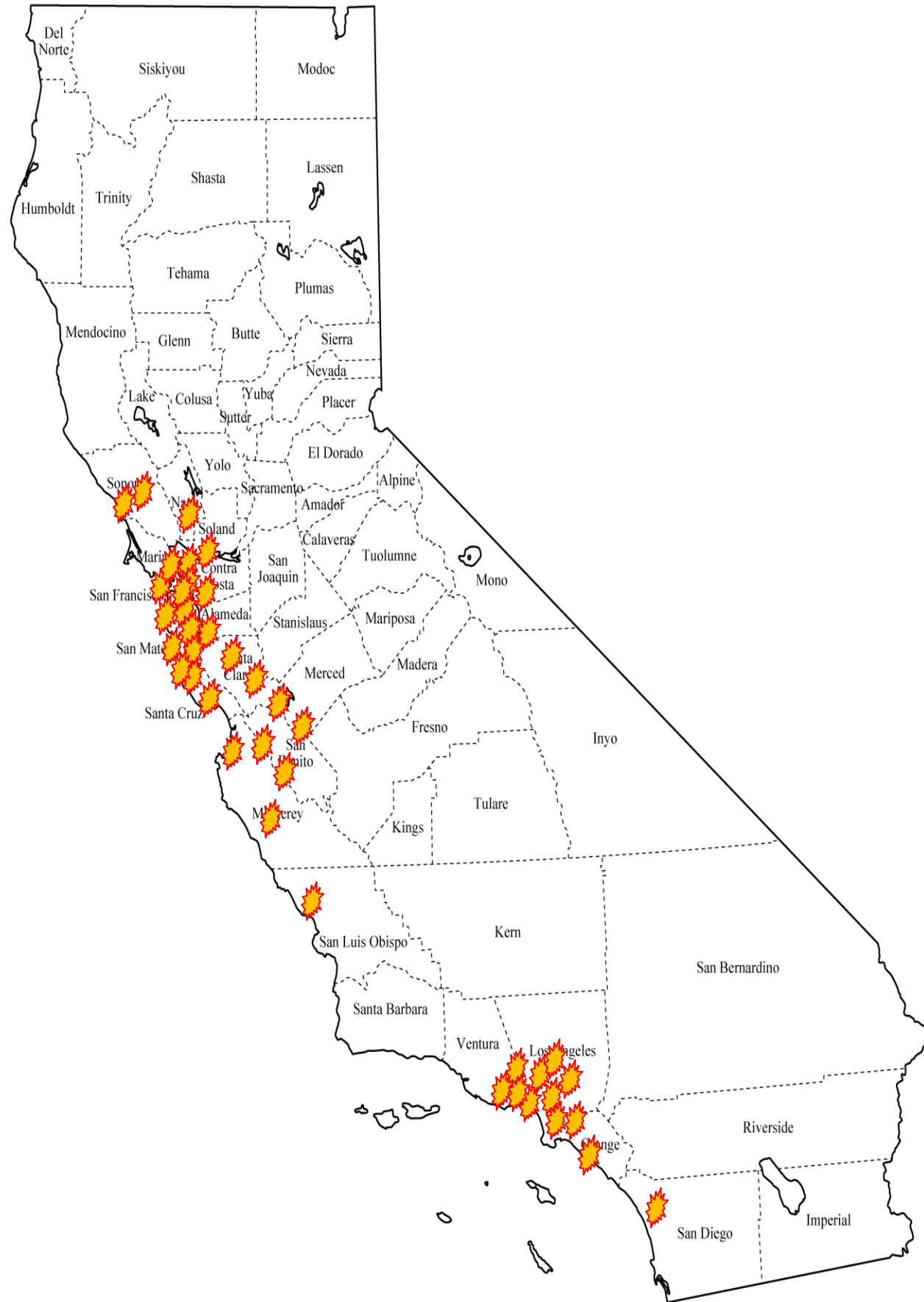
New Times – New Strategies



Original Vision & Strategy



Meanwhile in California



2015
5 Municipalities

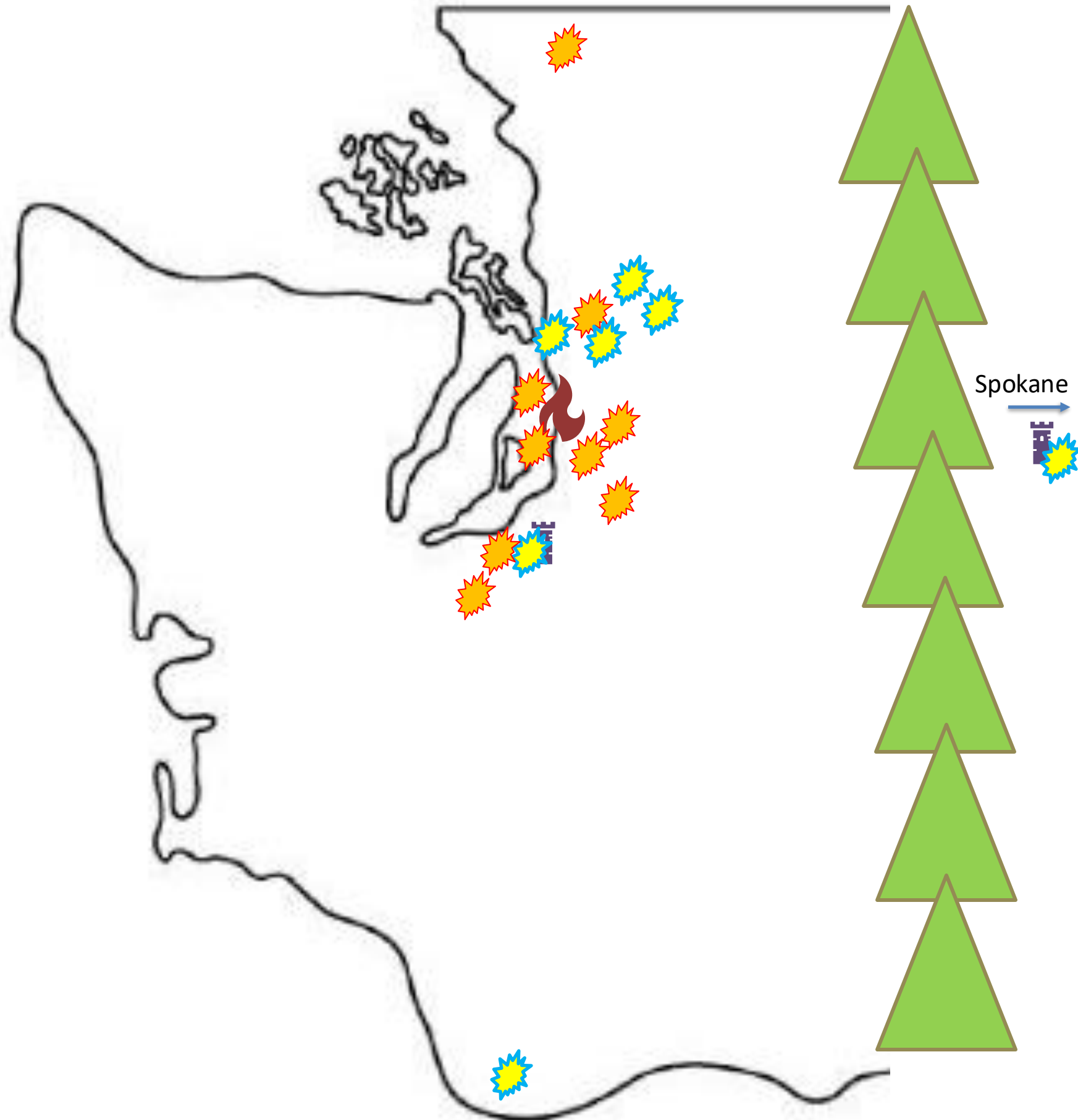
2019
10 Municipalities

2021
18 Municipalities

2023
38 Municipalities

2025
~50 Municipalities

Post-Covid: Changing Times



Built for in '15
 SeaTac/Seattle
 Spokane
 Tacoma

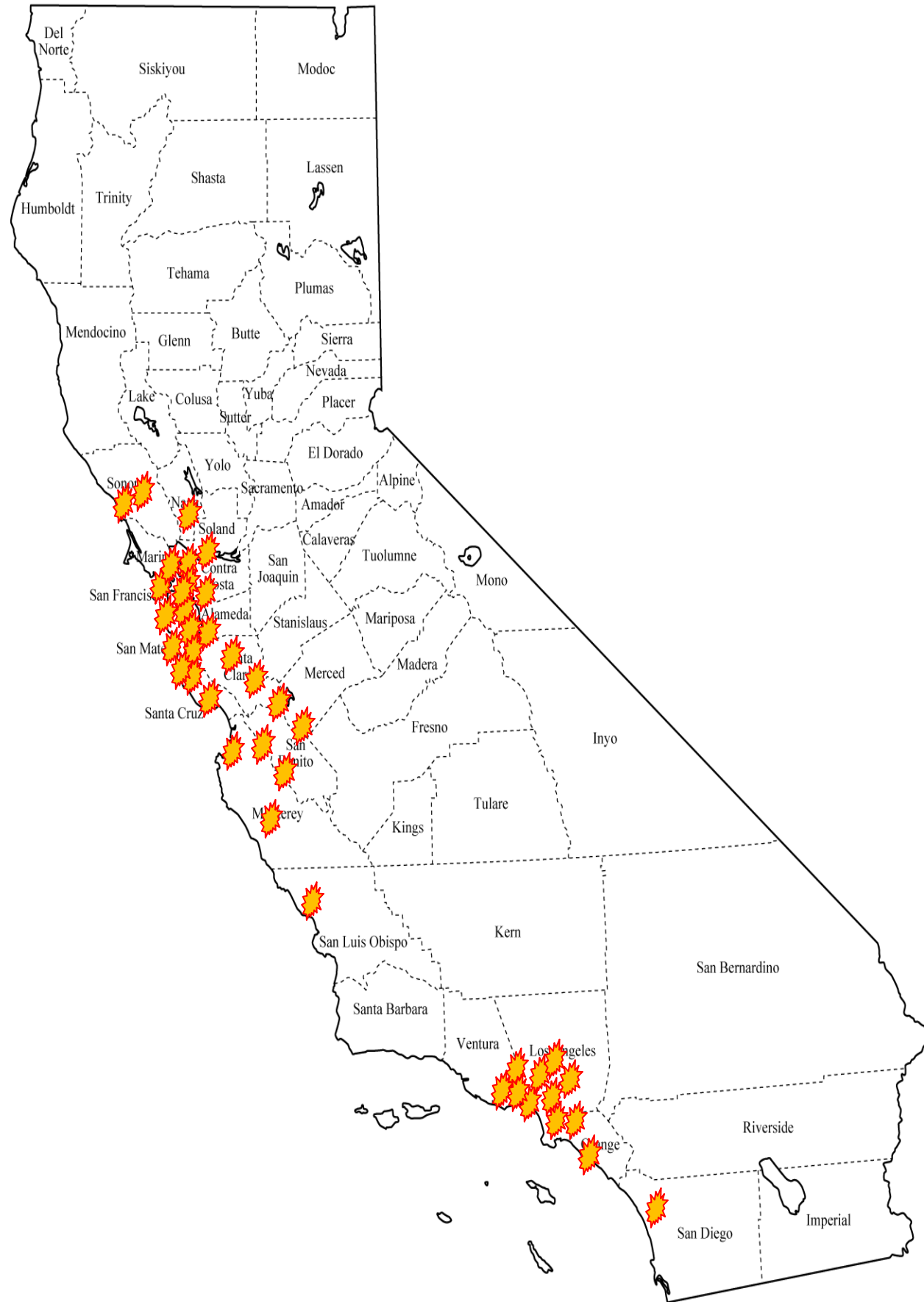
Activity in '22
 Bellingham
 Burien
 Seattle
 Tukwila

Activity in '23
 Bellingham
 Burien
 Shoreline
 Renton
 Seattle
 King County

Activity in '24
 Bellingham
 Everett
 Burien
 Renton
 Ruston
 Seattle
 Shoreline
 King County

Anticipated in '25
 Bellingham
 Everett
 Burien
 Olympia
 Snohomish Cities
 Spokane
 Tacoma
 Vancouver
 ++?????++

Other Lessons from California



What's after Minimum Wage?

California has roughly 50 cities that have adopted a minimum wage
According to the CRA's CEO once a city establishes their own mw,
It is fairly predictable that four more waves come next in that city

- 2nd Wave Creation of City Version of L&I
- 3rd Wave Restrictive Scheduling
- 4th Wave Some sort of Employee Benefit
- 5th Wave Ease of Unions ability to Unionize (i.e. card check)

BREAKING NEWS LAST MONTH

West Coast Unions meet in LA
Vow to Make \$30 Minimum Wage
The new "\$15 now"

STATUS TODAY

FULL SERVICE RESTAURANTS



Salaries, Wages & Benefits	39.4%	36.5%
Cost of Food & Beverage	28.8%	30.9%
All Other Costs (Non-Labor Operating, Interest, Etc)	30.3%	28.6%
Net Margin	1.5%	4.0%

Washington's average profit margin is **60% lower** than the National average for full service restaurants.



IT'S OFFICIAL

THE HOSPITALITY BUSINESS MODEL IS BROKEN IN WASHINGTON



STATUS TODAY

~1.5% MARGIN



REAL DOLLARS AN AVERAGE
OPERATOR TOOK HOME
\$16,500



AVERAGE WASHINGTON
RESTAURANT SALES IN 2023
= \$1.1 M

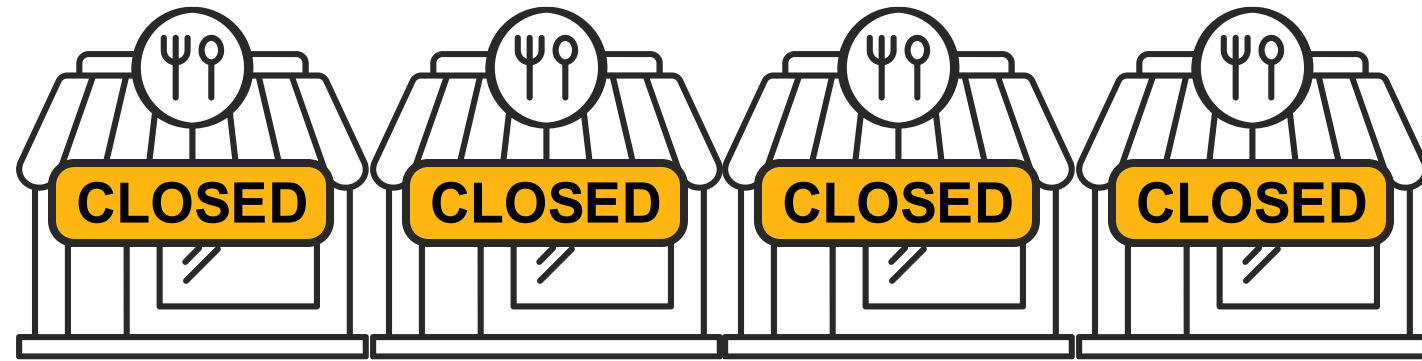
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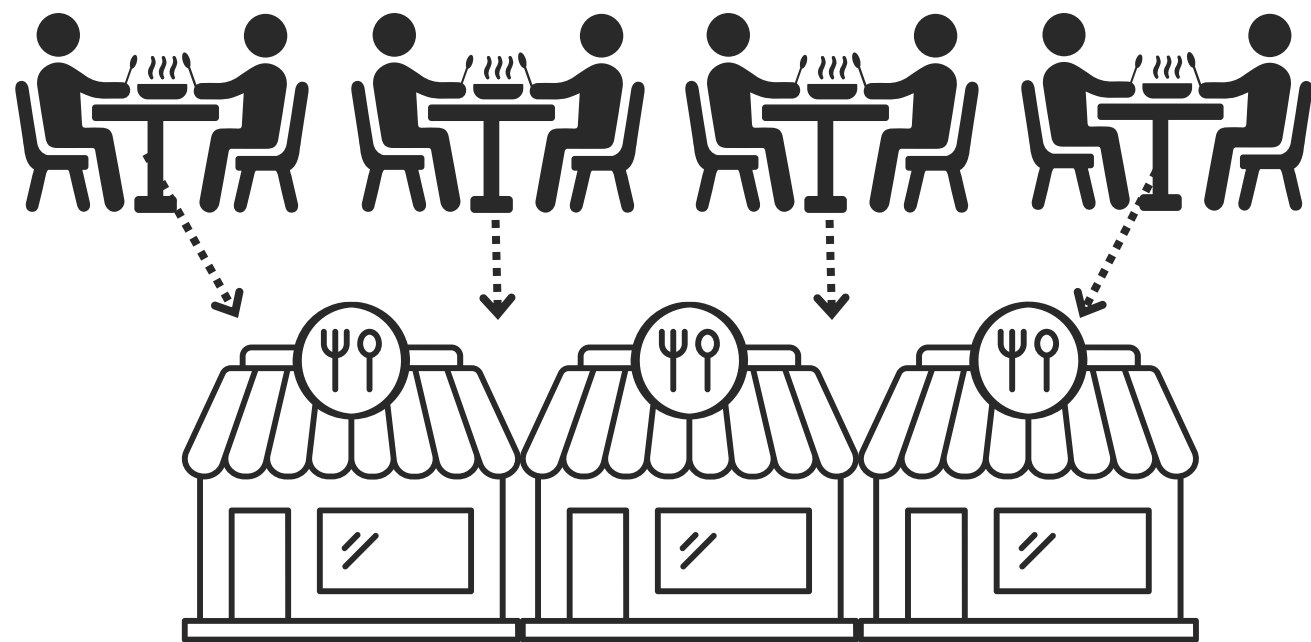
January Prediction

REDUCE THE NUMBER OF UNITS



By 4% = ~655 Restaurants
By 9% = ~1,475 Restaurants

REDISTRIBUTE THE GUESTS



Actual First 6 Months

RESTAURANTS CLOSING

Roughly 2,000 Closed/Sold
14% of all restaurants

Led by 18% of Seattle
Restaurants (~500)

On pace for more than year one
of Covid (3,400)

UNKNOWN ?

How many have opened

IT'S OFFICIAL

THE HOSPITALITY BUSINESS MODEL IS BROKEN IN WASHINGTON



NEW DIRECTION NEEDED

MOVING FORWARD

The Hospitality Industry needs to prepare for negative labor issues to be more actively in play in 8 or more cities a year and the cities will vary each year

The Hospitality Industry/Association simply cannot afford a massive additional investment in local government affairs

The Hospitality Industry needs a new strategy on how to handle issues outside of Seattle and Spokane



Washington
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Association



We Want YOU!

Move LGA work to the Local Communities

General Concept:



We are shifting the execution of local government affairs work to ask local partners to lead—most often Chambers of Commerce—while the Association provides a **Sr. Manager** that supports strategic oversight that would provide statewide consistency by:

- Establishing and supporting local partner relationships,
- Providing best practices and core association resources
- Coordinating grassroots mobilization when needed.



We are grandfathering in our efforts in Seattle & Spokane



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Jeff Gunn



RALLY CRY – WE NEED YOU

LET'S WORK TOGETHER – AND FIND A NEW STRATEGY

How can we support you?

Legal Support?

Best Practices?

Polling Support?

Strategy Advice / Share Lessons?

How do we help drive memberships and engagements together?

How can we collect data and information together?



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LET'S GATHER AND DISCUSS

