

NO on the Costly Restaurant Ordinance

San Jose restaurants are already struggling to stay in business.

Background

San Jose is home to more than 750 quick service restaurants. **The overwhelming majority of these local restaurants are independent small businesses—locally owned by people of color, immigrants and women.**

California just passed a historic new law that increases the minimum wage to \$20/hr for fast food workers and established the nation's first Fast Food Council to strengthen workplace protections. Now, the City of San Jose is considering an unnecessary and duplicative **Costly Restaurant Ordinance** (the **Ordinance**) that **threatens to shut down local restaurants** and **increase food costs** for families already struggling with the high cost of living.

Here's why San Jose restaurant owners, small businesses, consumers and others oppose the Costly Restaurant Ordinance:



The Ordinance is unnecessary and duplicative.

- In September 2023, Governor Newsom signed **AB 1228 (Holden)**—historic legislation that:
 - Raises the minimum wage to \$20/hour for fast-food workers—a 25% increase.
 - Establishes a statewide Fast Food Council charged with developing recommended worker protections, health and safety standards, training and wages for fast-food workers.
- The newly appointed Fast Food Council convened for the first time in March 2024—granting workers and employee advocates a stronger voice and seat at the table.
- It makes no sense for San Jose to pass a duplicative and conflicting city ordinance that would hurt local restaurant owners before the Fast Food Council even has a chance to function as intended.



The Ordinance imposes costly new burdens on local restaurant owners—jeopardizing their very existence.

- A recent analysis found that the new \$20/hour minimum wage for fast-food workers will cost local restaurant owners approximately **\$250,000 per restaurant**. As a result, local restaurants have been forced to make tough decisions to stay afloat including increasing food prices and laying off employees.
- The **Ordinance** would lead to **even higher, unsustainable cost burdens** for San Jose restaurants—and could be the **final straw that forces many local restaurant owners to close their doors for good**.
- Nearly **60% of California's restaurants are owned by people of color** and **50% are owned by women**. The **Ordinance** unfairly targets these minority small business owners.



The Ordinance would increase food costs for families already struggling.

- Since AB 1228 passed in September 2023, local restaurants in California have already been forced to **increase food prices by 10% overall**.
- The **Ordinance** would cost San Jose restaurants tens of millions of dollars more, forcing them to **raise food prices even higher for consumers** who are already struggling with a high cost living.



San Jose's limited city resources are already stretched thin.

- San Jose is facing unprecedented crises including crime, homelessness, a high cost of living and a \$52.1 million city budget deficit.
- It makes no sense to divert San Jose's limited resources and staff to enforce an unnecessary restaurant ordinance when we have pressing city priorities to address.



ProtectSanJoseRestaurants.com