



DATE: December 4, 2018

CATEGORY: Items Initiated by Council

DEPT.: City Council

TITLE: **Amendments to the City's Minimum Wage Ordinance Regarding Consumer Price Index Adjustments**

RECOMMENDATION

Introduce an Ordinance Amending Section 42.14 of the Mountain View City Code to Delay the Start of Annual Consumer Price Index (CPI) Adjustments to the Minimum Wage from January 1, 2019 to January 1, 2020 and Resume Cost-of-Living Increases in 2020 and Thereafter, to be read in title only, further reading waived, and set second reading for December 11, 2018 (Attachment 1 to the Council report).

BACKGROUND

On October 9, 2014, the City Council adopted an ordinance to require the payment of a Citywide minimum wage based on the City of San Jose's ordinance. The ordinance set the Citywide minimum wage at \$10.30 per hour effective July 1, 2015, with annual adjustments thereafter on January 1 based upon the national Consumer Price Index (CPI) (Urban Wage Earners and Clerical Workers, U.S. City Average for All Items).

The ordinance applies to employers who are either subject to the City's business license requirements or who maintain a business facility in the City to pay the minimum wage to covered employees. Covered employees are those who perform at least two (2) hours of work in a calendar week for an employer within the geographic boundaries of the City. The ordinance also provides for coordination with the City of San Jose Office of Equality Assurance (OEA) to conduct initial investigations of complaints and informal resolution, with escalated cases administered by the City under existing administrative enforcement provisions contained in the City Code.

On October 27, 2015, the City Council introduced another ordinance increasing the Citywide minimum wage in Mountain View to \$15 per hour by 2018 according to the schedule below. The ordinance was adopted after the second reading on November 10, 2015. Beginning on January 1, 2019, the minimum wage is set to adjust annually based upon the regional CPI (Urban Wage Earners and Clerical Workers, San Francisco-

Oakland-San Jose, CA for All Items). The original goal at the time of the ordinance's adoption was to have regional consistency with the existing minimum wage effective dates in the cities of Sunnyvale, Santa Clara, and Palo Alto, and pave a path for other cities to establish a \$15 per hour minimum wage.

Effective Date	Minimum Wage Rate
<i>At time of adoption</i>	\$10.30
January 1, 2016	\$11.00
January 1, 2017	\$13.00
January 1, 2018 <i>Current Rate</i>	\$15.00
2019 <i>January 1 Each Following Year (Regional CPI Increase for 2019 is 4.3 percent an increase of 65 cents)</i>	\$15.65

On June 5, 2018, the Council unanimously directed staff to bring back an ordinance delaying the CPI. On September 28, after Sunnyvale declined to postpone the CPI adjustment, a majority of the Council then directed staff not to return with the ordinance, but there was no discussion of the issue since it was an "Item 8."

DISCUSSION

The Mountain View City Council had set a goal to work in collaboration with other local government agencies to reach a minimum wage of \$15 per hour by 2018. Staff worked in cooperation with the City of Sunnyvale to reach this target, researched local minimum wages for each respective city, and coordinated an outreach and engagement strategy to achieve regional minimum wage alignment. In 2017, the Santa Clara County Cities Association voted to continue the focus on a "regional minimum wage" as a priority issue. In response, Cupertino, San Jose, Palo Alto, Milpitas, Los Altos, and Santa Clara adopted ordinances to incrementally raise the minimum wage to \$15 per hour by 2019 with annual CPI adjustments to start January or July 2020.

The cities of Los Altos, Milpitas, Palo Alto, San Jose, and Santa Clara will reach \$15 per hour minimum wage in 2019. Having reached a minimum wage of \$15 per hour on January 1, 2018, Mountain View and Sunnyvale ordinances call for CPI adjustments to the minimum wage starting January 1, 2019. The cities of Cupertino, Los Altos, Palo Alto, San Jose, and Santa Clara are set to start inflation adjustments on January 1, 2020. The City of Milpitas will begin inflation adjustments on July 1, 2020. If not amended, Sunnyvale and Mountain View will continue to have a different minimum wage from the cities in Santa Clara County that have adopted minimum wage ordinances.

A delay in CPI increase would allow Mountain View to be better aligned with the rest of the Santa Clara County cities that have adopted minimum wage ordinances (Attachment 2) and would allow Mountain View to accomplish the following:

1. Give the Council time to discuss the effects (reduced working hours) of an increase and how best to coordinate the timing so that the majority of the cities have the same wage starting in 2019.
2. Allow stakeholders—Chamber of Commerce, Central Business Association—to give input and prove any testimonials on the effect on small businesses.
3. Discuss the importance of taking a regional approach as voted unanimously by the Cities Association Board at their June 2015 meeting and agreed by City Council to align to a regional approach on June 5, 2018.
4. Achieve the goal of protecting small businesses, as discussed by Council. The increase in minimum wages, the City's new business license structure, and rising rents are creating greater financial pressures for small businesses.
5. Discuss how the City would sustain small businesses when an economic downturn occurs.
6. Council could discuss what effects the increase in minimum wage would have on discouraging businesses from providing health insurance and retirement plans.
7. From July 2015 to the present, the minimum wage has gone up 47 percent. If the new wage CPI increase is implemented, the percentage increase is 52 percent compared to the regional CPI average of 3.1 percent.

FISCAL IMPACT

There would be some savings associated with any City positions paid the minimum wage.

ALTERNATIVES

1. Provide other direction.

PUBLIC NOTICING

Agenda posting and a copy to the Chamber of Commerce.

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001-12-04-18CR

- Attachments:
1. Draft Ordinance Delaying CPI Adjustment Only
 2. Santa Clara County Minimum Wage Summary