



DATE: March 31, 2015

CATEGORY: New Business

DEPT.: City Attorney's Office and City Manager's Office

TITLE: **Minimum Wage Ordinance –
Regional Update and Potential
Work Plan**

RECOMMENDATION

Receive an update on minimum wage ordinance regional developments and provide direction to staff on whether or not to proceed on a proposed work plan to achieve Council's adopted goal of reaching a minimum wage of \$15.00 per hour by 2018.

BACKGROUND

On October 9, 2014, the City Council adopted an ordinance to require the payment of a Citywide minimum wage based upon 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 of each following year based on the Consumer Price Index (CPI). 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. There are no exceptions in the ordinance.

The ordinance 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.

In addition to adopting the ordinance, the City Council adopted a goal of reaching a \$15.00 per hour minimum wage by 2018, working in cooperation with neighboring cities and regional organizations, and with input from the Mountain View community. The Council requested an update and work plan by April 2015.

ANALYSIS

Outreach Efforts for Adopted Ordinance

Staff is utilizing a two-pronged approach for providing outreach on the new Citywide minimum wage: high-level information delivered to the general public about the new law, and detailed information given to the business community about compliance and enforcement. Outreach efforts began this month and will push continuously into spring and more strongly toward the ordinance effective date of July 1, 2015.

An e-mail account has been created to receive questions and input from the community: minwage@mountainview.gov. A minimum wage-specific City web page is currently under construction and will be live in April. The web page will contain all of the required Official Notice documents, FAQs, and other related information. Multilingual Community Outreach Program staff will provide outreach to local partners and stakeholders, and all documents will be translated in Spanish, Chinese, and Russian.

The outreach plan also includes the following:

- Social media messaging.
- Postcard notifications sent to the business license list.
- Informational flyer for employees receiving the minimum wage.
- In-person briefing meetings at the Chamber of Commerce and other related business groups and committees.
- E-mail distribution to media, local elected officials, and business groups.
- News advisory about effective date, Official Notice, and link to web page.
- *Mountain View Voice* newspaper ads.
- KMVT cable television government bulletin board information.
- *The View* newsletter article.
- Utility bill inserts.

Regional Update

There have been many developments at the local, regional, and State level regarding the minimum wage issue since Council adopted the Citywide minimum wage ordinance.

On October 14, 2014, the Sunnyvale City Council adopted a minimum wage ordinance based upon the San Jose model, and set a goal to work with Mountain View and other regional agencies to achieve a minimum wage of \$15.00 per hour by 2018. The Sunnyvale minimum wage took effect on January 1, 2015. Sunnyvale staff will present a regional update to their council on April 21, 2015, working in conjunction with Mountain View staff.

In November 2014, voters in San Francisco passed Proposition J to increase the minimum wage to \$15.00 per hour incrementally by 2018. The measure received 77 percent support of the voting public. Beginning on July 1, 2016, the ordinance exempts two narrow categories of employees and provides only for annual CPI increases in the minimum wage thereafter: youth under 18 years old in government-subsidized training programs and people over 55 years old in some government-subsidized nonprofits. The table below illustrates the incremental approach.

San Francisco Minimum Wage Incremental Increase

| Effective Date | Minimum Wage Rate |
|------------------------------|--------------------------|
| 1/1/2015 | \$11.05 |
| 5/1/2015 | \$12.25 |
| 7/1/2016 | \$13.00 |
| 7/1/2017 | \$14.00 |
| 7/1/2018 | \$15.00 |
| July 1st Each Following Year | CPI Increase |

Similarly, in November 2014, Oakland voters passed Measure FF to increase the City's minimum wage to \$12.25 on March 2, 2015, with annual adjustments for inflation each January 1 thereafter. The measure passed with 81 percent support. The measure also provides for an hour of paid sick leave for each 30 hours an employee works.

In January 2015, the Sacramento Mayor announced that his City is currently exploring raising the minimum wage. An “income inequality task force” has been assembled to discuss an increase and its potential economic impact.

On February 9, 2015, the Palo Alto City Council recommended that its Policy and Services Committee develop a local minimum wage ordinance modeled after the Mountain View and Sunnyvale ordinances. This item is anticipated to be presented for council consideration this spring or early summer.

Campbell is expected to have a study session on the issue in May, Santa Clara is anticipated to discuss a minimum wage approach this spring, and the Cities Association of Santa Clara County has the topic as one of their 2015 priorities, with a presentation on it tentatively scheduled for April.

In addition to these efforts, there is also new legislation at the State level. In December 2014, Senator Mark Leno introduced Senate Bill (SB) 3 to raise the State’s current minimum wage of \$9.00 per hour to a minimum wage of \$11.00 per hour in 2016 and \$13.00 per hour in 2017. Beginning in 2019, the minimum wage would be adjusted annually by the rate of inflation. The bill is currently awaiting a hearing date in the Senate Labor and Industrial Relations Committee. Senator Leno introduced similar legislation at the beginning of 2014 (SB 935), but the bill did not move out of the Assembly Committee on Labor and Employment.

On March 10, 2015, the San Jose City Council voted to support SB 3. In addition, mayors from Los Angeles, San Francisco, Oakland, Santa Ana, San Jose, Sacramento, and Long Beach submitted a joint letter of support for SB 3.

Work Plan

If Council is committed to a regional path for reaching a minimum wage of \$15.00 per hour by 2018, the following work plan items may be considered:

- Send a letter of support for SB 3.
- Encourage a regional approach to the minimum wage issue at the Cities Association of Santa Clara County.
- Work in cooperation with Sunnyvale and other cities who may adopt the \$15.00 by 2018 goal.

- Send a letter to all Mayors and City Managers, jointly with Sunnyvale, outlining the regional effort and seeking their support.
- Host two community engagement meetings to receive feedback on a regional plan (the first to be held jointly with Sunnyvale, the second in Mountain View).
- Conduct targeted outreach to solicit input from the business community.
- Post an Open City Hall question on the issue.
- Direct staff to return in the fall to present feedback from public input and other cities, information on studies for and against increasing the minimum wage, and options for a new ordinance.

FISCAL IMPACT

There is no direct fiscal impact to the recommendations in this report other than the utilization of budgeted staff hours and nominal expenses for outreach efforts. Should a new ordinance be adopted, it is anticipated to have a modest direct fiscal impact on the City in terms of both wages paid by the City and anticipated enforcement costs provided by the San Jose OEA. The City has approximately 14 hourly positions that are currently paid at the State minimum wage of \$9.00 per hour and will increase to \$10.30 per hour on July 1, 2015. These costs would increase approximately 50 percent by 2018 if the minimum wage was increased to \$15.00 per hour. The OEA has provided the City with a flat fee, per task schedule, which ranges from \$200 to \$1,000 per task based on complexity of work and size of employer being investigated. Based upon a relatively low volume of complaints received in San Jose since the adoption of its ordinance, the anticipated cost for this delegated work is estimated to not exceed \$20,000 per year. A request for this funding will be included in the Fiscal Year 2015-16 budget.

CONCLUSION

As directed by Council, staff has gathered information on regional developments related to minimum wage legislation and prepared a draft work plan for consideration in order to achieve the goal of reaching a minimum wage of \$15.00 per hour by 2018.

ALTERNATIVES

1. Council could keep the minimum wage ordinance as it is and take no further action.

2. Council could wait and see whether the State minimum wage will increase and consider adjustments to the Citywide minimum wage ordinance after the 2016 legislative session.
3. Council could direct staff to return with an ordinance to raise the Citywide minimum wage incrementally to \$15.00 per hour by 2018 without a regional approach or additional community input.
4. Council could request additional research or specific exemptions/categories in a new ordinance.
5. Council could provide other direction.

PUBLIC NOTICING – Agenda posting.

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Attachment: 1. Cities That Have Adopted Minimum Wage Ordinances