

# Alameda Minimum Wage

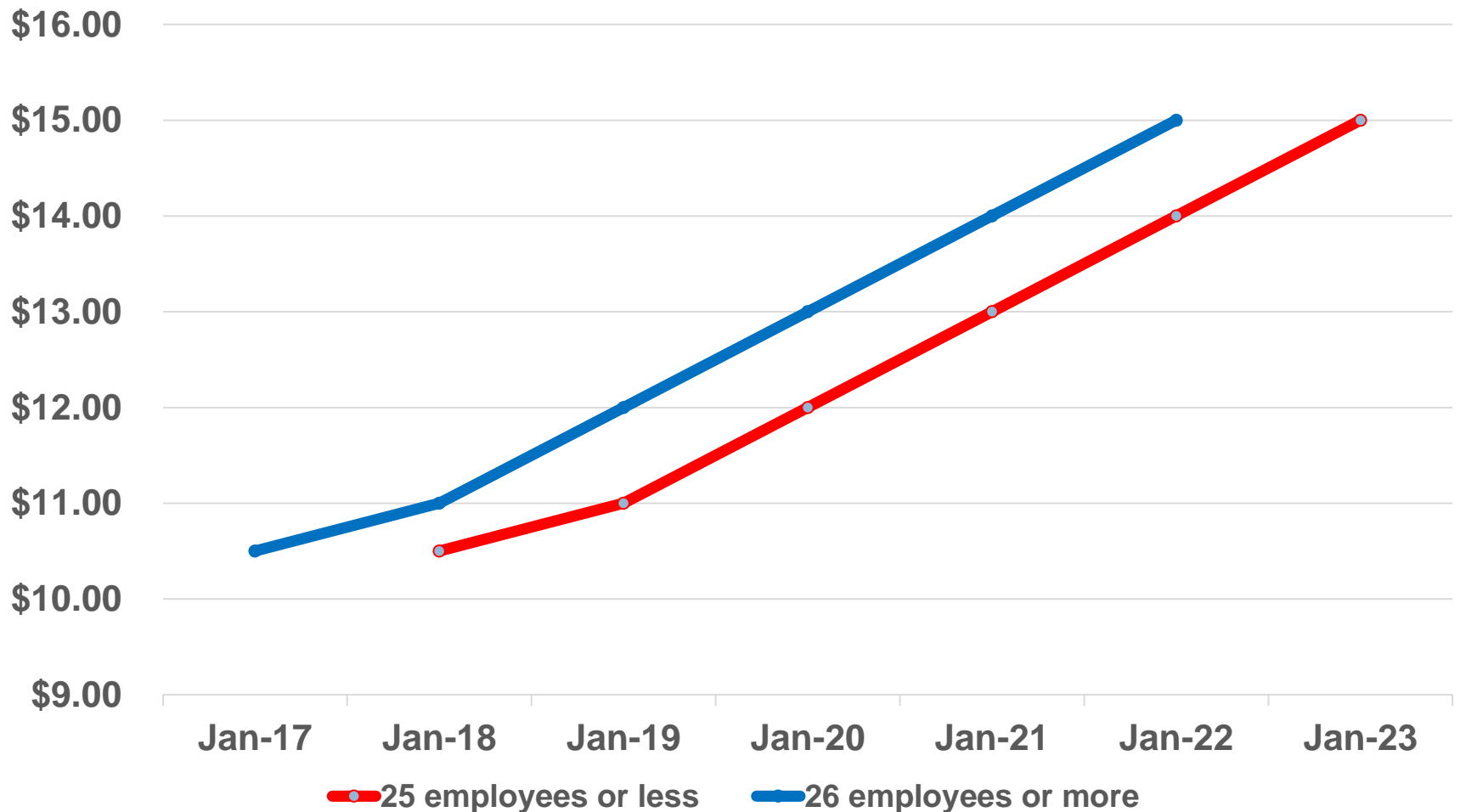
City Council  
April 17, 2018

# California's Minimum Wage

- Legislation adopted in April 2016 to reach statewide minimum wage of \$15/hour by January 1, 2023
- Minimum wage will increase by the rate of inflation starting in 2023 with a ceiling of 3.5 percent per year
- Delayed increase for businesses with 25 or less
- Average annual increase 7.4 to 8.06 percent over five to six years

# California's Minimum Wage (cont.)

California's Minimum Wage



# City Council Referral

On November 1, 2016, the City Council direct staff to:

- “Review enacting a minimum wage increase in Alameda”
- “Identify possible parameters” and “what other cities in California have done”
- Prepare discussion points for City Council direction

# Bay Area Cities with more aggressive timetables to reach \$15/hour

## **Alameda County**

Berkeley

Emeryville

Oakland

San Leandro

## **Contra Costa County**

Richmond

El Cerrito

## **Other Bay Area Cities**

Cupertino

Los Altos

Milpitas

Mountain View

Palo Alto

San Francisco

San Jose

San Mateo

Santa Clara

Sunnyvale

# Comparison of East Bay Cities

City	Effective Date	Current Minimum Wage
Alameda (25 or less employees)		\$10.50
Alameda (more than 25 employees)		\$11.00
Berkeley	2014	\$13.75
El Cerrito	2016	\$13.60
Emeryville (55 or less employees)	2015	\$14.00
Emeryville (more than 55 employees)	2015	\$15.20
Oakland	2015	\$13.23
Richmond	2016	\$13.41
San Leandro	2017	\$13.00



# Parameters: Time to Implement

- Lengthy public engagement process
- Average 4.2 months time to implement ordinance
- Time to reach \$15/hour (the “on-ramp”) ranged from two to seven years

# Parameters: Business Size

## State of California (25 or fewer employees)

### Local Jurisdictions

- Emeryville (55 or fewer employees)
- City of Los Angeles (25 or fewer employees)
- Los Angeles County (25 or fewer employees)
- Malibu (25 or fewer employees)
- Pasadena (25 or fewer employees)
- Santa Monica (25 or fewer employees)



# Parameters: Consideration of Other Benefits

## **Examples of other business considerations:**

- Slower phase-in for non-profit organizations (San Mateo)
- Crediting health benefits towards minimum wage (Richmond)

# Parameters: Off-ramp Provisions

- Five Bay Area cities have provisions to pause minimum wage increases due to economic considerations (“off ramps”):
  - Negative job growth
  - Decline in sales tax receipts
- Determinations are made annually
- Off ramps do not apply once cities have reached \$15/hour



# Options for Council Consideration

## Three Options for Council Consideration

- 1) Conduct community outreach and return with a recommendation
- 2) Maintain the State's minimum wage schedule
- 3) Direct staff to draft a minimum wage ordinance

# Option I: Conduct Community Outreach

Objectives of community outreach:

- Present information on the effects of minimum wage ordinances in other cities
- Solicit concerns with levels of support for a minimum wage ordinance

Return in late November or early December 2018 with a recommendation:

- Provides staff with sufficient time to determine potential impact on the city's budget

# Option I: Conduct Community Outreach (cont.)

Community engagement to encompass:

- Local residents
- Business associations
- Businesses that tend to employ hourly workers
- Local community organizations
- Labor unions
- Mayor' Economic Development Advisory Panel
- Recreation and Parks Commission

## Option 2: Maintain the State's Minimum Wage Schedule

- Continue the Status Quo. No further action required.
  - Reason: The gain to Alameda workers is determined not to be substantially greater than provided under State law

## Option 3: Direct Staff to Draft an Ordinance

Direct staff to draft an ordinance:

- More aggressive than the state's timetable
- Abbreviated public outreach process
- Would need to be adopted September 4, 2018, if to go into effect with four month lead-time on January 1, 2019

# Option 3: Direct Staff to Draft an Ordinance (cont.)

## Considerations:

- Amend the City's budget and fee schedule related to City programs with high levels of part-time employees
- Direct staff how to approach elements of a proposed ordinance, such as:
  - Business size
  - Non-profit organizations
  - Other benefits offered by employers



# Financial Impacts: The City as an Employer

An increase in minimum wage would significantly impact two departments:

- 87 percent of employees currently earning less than \$15/hour are with Recreation and Parks Department's recreational programs
- 5 percent of employees are with the Library
- Would require an increase in fees for service or a greater General Fund contribution to maintain current level of services

# Financial Impacts (cont.)

- The staff report does not have a complete estimate of the cost to the City for adopting an ordinance
- Staff will develop a full analysis if Council directs staff to move forward with developing an ordinance
- Additional costs may include:
  - Costs of existing contractors
  - Monitoring and enforcement

# Recommendation

- Staff is prepared to move forward with any of the three options presented or any variations of the options
- Staff recommendation is the first option:
  - Conduct community outreach
  - Determine potential fiscal impacts
  - Return with a recommendation for an ordinance