

Alameda Minimum Wage

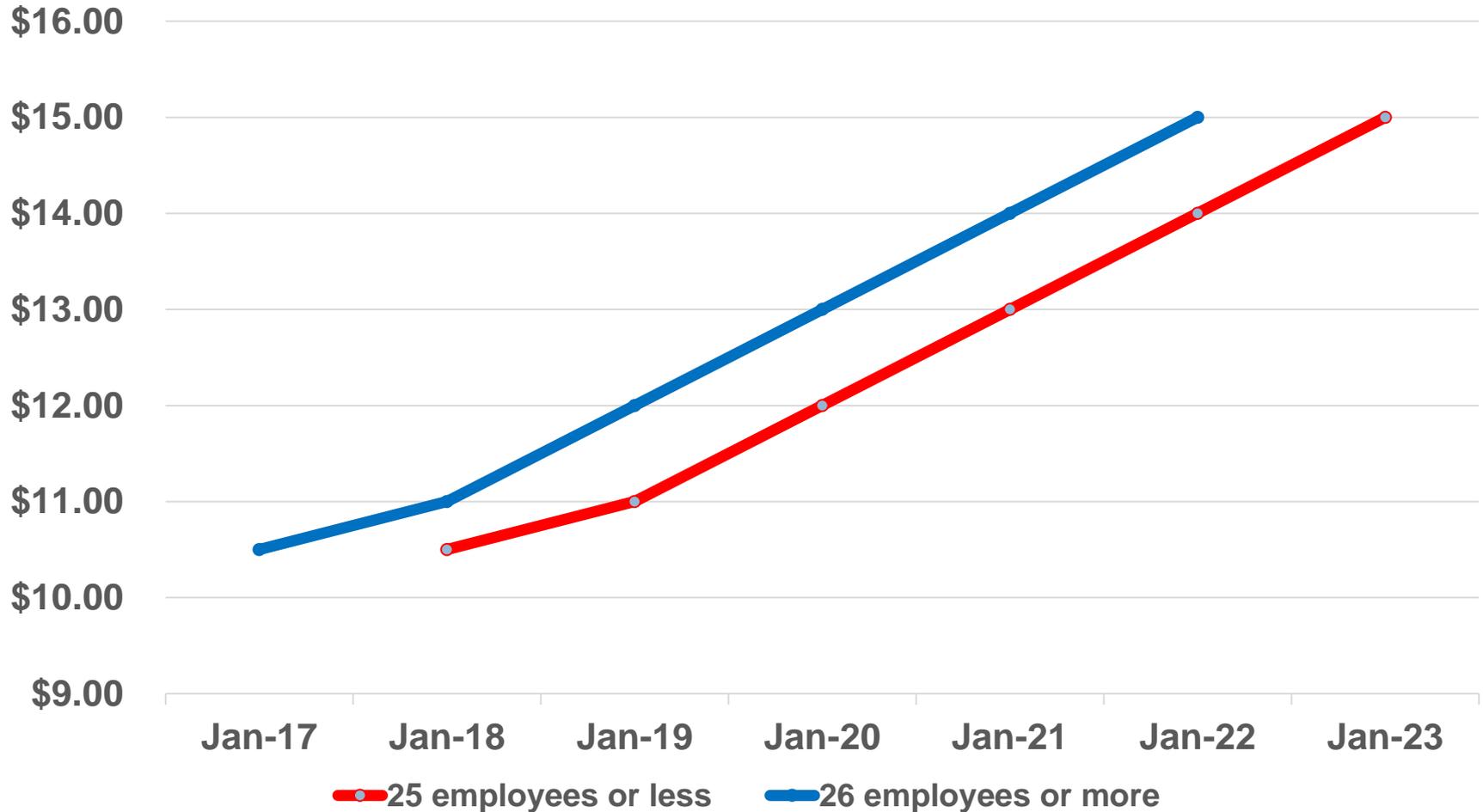
City Council
April 17, 2018

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