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

- $9.00
- $10.00
- $11.00
- $12.00
- $13.00
- $14.00
- $15.00
- $16.00

Jan-17 to Jan-23

25 employees or less vs. 26 employees or more
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

<table>
<thead>
<tr>
<th>Alameda County</th>
<th>Other Bay Area Cities</th>
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<tbody>
<tr>
<td>Berkeley</td>
<td>Cupertino</td>
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<tr>
<td>Emeryville</td>
<td>Los Altos</td>
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<tr>
<td>Oakland</td>
<td>Milpitas</td>
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<tr>
<td>San Leandro</td>
<td>Mountain View</td>
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<td>Palo Alto</td>
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<td>Contra Costa County</td>
<td>San Francisco</td>
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<tr>
<td>Richmond</td>
<td>San Jose</td>
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<td>El Cerrito</td>
<td>San Mateo</td>
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<td></td>
<td>Santa Clara</td>
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<td></td>
<td>Sunnyvale</td>
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</tbody>
</table>
## Comparison of East Bay Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Effective Date</th>
<th>Current Minimum Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda (25 or less employees)</td>
<td></td>
<td>$10.50</td>
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<tr>
<td>Alameda (more than 25 employees)</td>
<td></td>
<td>$11.00</td>
</tr>
<tr>
<td>Berkeley</td>
<td>2014</td>
<td>$13.75</td>
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<tr>
<td>El Cerrito</td>
<td>2016</td>
<td>$13.60</td>
</tr>
<tr>
<td>Emeryville (55 or less employees)</td>
<td>2015</td>
<td>$14.00</td>
</tr>
<tr>
<td>Emeryville (more than 55 employees)</td>
<td>2015</td>
<td>$15.20</td>
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<tr>
<td>Oakland</td>
<td>2015</td>
<td>$13.23</td>
</tr>
<tr>
<td>Richmond</td>
<td>2016</td>
<td>$13.41</td>
</tr>
<tr>
<td>San Leandro</td>
<td>2017</td>
<td>$13.00</td>
</tr>
</tbody>
</table>
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)
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 1: 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 1: 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