

CITY OF BRISBANE

AGENDA REPORT

TO: Mayor and City Council

FROM: Mitch Bull, Economic Development Director

DATE: City Council Meeting of June 1, 2017

SUBJECT: Discussion and Direction on Minimum Wage

PURPOSE

The purpose of this report is to seek council guidance on investigating and implementing a process to legislate and increase the Minimum Wage within the City of Brisbane in advance of the State of California's mandated legislation that peaks at \$15 per hour on January 1, 2022. The Economic Development (ED) Subcommittee has been tasked with evaluating the status within San Mateo County of this process, and to determine the process and the impact that implementing such legislation would have on the City and the businesses within our sphere of influence.

Increasing the Minimum Wage within the City of Brisbane falls squarely within the goals of Community Building and creating a sustainable lifestyle for those who work in Brisbane, especially those at the lower end of the economic spectrum.

RECOMMENDATION

Direct Staff and ED Subcommittee to investigate the possibility of implementing a minimum wage law in Brisbane. Review the discussion points outlined in this report and make changes as appropriate.

BACKGROUND

The State of California has implemented legislation that will raise the state minimum wage from \$10.00/hour to \$15.00/hour in incremental steps. The first incremental step was 2016, with an increase from \$10.00/hour to \$10.50/hour. Additional increases will take place on January 2018 (\$.50), 2019 (\$1.00), 2020 (\$1.00), 2021 (\$1.00) and 2022 (\$1.00) to raise the hourly wage rate to \$15.00 per hour. After 2022 the rate will be adjusted annually based on the state Consumer Price Index (CPI).

According to the UC Berkeley Labor Center, as of 2015 over 24 cities and counties across the country have enacted minimum wage ordinances compared to five municipalities prior to 2012. Recently, cities such as Long Beach, Pasadena, Santa Monica, Emeryville, El Cerrito, Mountain View, Sunnyvale, Palo Alto and Santa Clara have implemented wage ordinances, as well as larger cities such as San Francisco, Oakland, San Jose, Seattle and New York City. As the cost of housing has continued to increase in San Mateo County and the surrounding areas, Councilmember Lentz has asked the subcommittee to investigate the process needed to evaluate implementing a \$15 per hour minimum wage in advance of the mandated state threshold in 2022.

In 2016, the City Council of the City of San Mateo completed work on legislation that implemented a minimum wage increase in that city (to \$15.00/hour) in advance of the state mandate. Their legislation took effect on January 1, 2017, with an increase to \$12.00/hour with incremental steps in 2018 and 2019 to bring the wage to the \$15.00/hour threshold to take effect on January 1, 2019. In subsequent years, the City of San Mateo will use the CPI benchmark to set the city minimum wage, but will continue to be higher than the state levels as they are

starting the CPI adjustments two years earlier. (Please note: The City of San Mateo has given non-profit organizations a \$1.50/hour reduction until they reach the \$15.00/hour threshold on January 1, 2020.)

We have conducted a survey of the other cities within San Mateo County, and to date, no other city is currently involved in creating legislation to increase their specific minimum wage, although Redwood City, Belmont, Daly City and San Bruno are considering examining the issue in the future.

DISCUSSION

The steps involved would be doing community outreach to both the business and residential communities through articles in the Star and Luminary, as well as conducting workshops with businesses that will be most affected by a change in the wage structure.

Changing the minimum wage brings up several issues that will need to be evaluated:

- How many employees and businesses will an increase substantially affect, and what will be the impact of an increase?
- Will the increases be incremental, and what would those look like?
- Will the policy apply to businesses based solely in Brisbane, or those from outside the city who do work within the city?
- Is the policy intended to be applied to part-time businesses such as housekeepers, gardeners/landscapers, and part-time employees of staffing companies who are working at companies within the city limits?
- Will the policy contain exemptions for any types of businesses (such as non-profits; family run businesses; businesses such as restaurants and retailers with less than 15 employees, etc.)?
- What will the fiscal impact be on our larger employers who will be affected? Could a wage increase result in an employer reducing benefits for employees?
- If interested in moving the process forward, what timeframe would the Council wish to pursue?

FISCAL IMPACT

Internally, this action will apply mainly to part-time employees within the Recreation and Parks Department. We have not done a calculation on the impact that an hourly wage increase will have on the city's budget, based on not knowing the incremental steps in reaching the objective.



Mitch Bull
Economic Development Director



Clay Holstine
City Manager

ATTACHMENTS

Survey of Cities within San Mateo County

Minimum Wage Status in San Mateo Cities (as of 5/5/17)

Cities	Progress																		
Atherton	No response to date																		
Belmont	Council will explore in 2018																		
Burlingame	No discussion																		
Colma	No discussion																		
Daly City	Brought up, but no study session on schedule																		
East Palo Alto	Mentioned, but not pursuing at this time.																		
Foster City	Mentioned but no action																		
Half Moon Bay	No discussion																		
Hillsborough	Residential Only																		
Menlo Park	No discussion																		
Millbrae	No discussion																		
Pacifica	No discussion																		
Portola Valley	No response to date																		
Redwood City	Mentioned, but probably not exploring until end of year.																		
San Bruno	No discussion.																		
San Carlos	Council expressed interest, but not pursuing at this time																		
San Mateo	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">Citywide</th> <th style="text-align: center;">501(C)(3) Nonprofit</th> </tr> </thead> <tbody> <tr> <td>January 1, 2017</td> <td style="text-align: center;">\$12.00</td> <td style="text-align: center;">\$10.50</td> </tr> <tr> <td>January 1, 2018</td> <td style="text-align: center;">\$13.50</td> <td style="text-align: center;">\$12.00</td> </tr> <tr> <td>January 1, 2019</td> <td style="text-align: center;">\$15.00</td> <td style="text-align: center;">\$13.50</td> </tr> <tr> <td>January 1, 2020</td> <td style="text-align: center;">\$15.00 + CPI</td> <td style="text-align: center;">\$15.00 + CPI</td> </tr> <tr> <td>January 1, 2021</td> <td style="text-align: center;">CPI</td> <td style="text-align: center;">CPI</td> </tr> </tbody> </table>	Year	Citywide	501(C)(3) Nonprofit	January 1, 2017	\$12.00	\$10.50	January 1, 2018	\$13.50	\$12.00	January 1, 2019	\$15.00	\$13.50	January 1, 2020	\$15.00 + CPI	\$15.00 + CPI	January 1, 2021	CPI	CPI
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South San Francisco	Mentioned, but not pursuing at this time.																		
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