



Local Minimum Wage

March 26, 2018



Agenda

- 1 Background
- 2 Community Engagement and Outreach
- 3 Proposed Ordinance
- 4 Alternatives

Background

- On June 12, 2017, the City Council provided direction to consider establishing a local minimum wage for employers that maintain a business in the City or perform any work/service within the City limits
- On September 25, 2017, the City Council held a Study Session on Minimum Wage, and the City Council provided the following policy direction:
 - Develop a minimum wage ordinance that increases the minimum wage to \$15.00 per hour in Redwood City faster than the State of California's minimum wage
 - Not to include exceptions in the minimum wage ordinance
 - Seek business and community input on timing and the potential phasing of a local minimum wage increase
- March 2018, Reviewed Feedback and Approach with the Council Finance and Audit Sub-Committee



FEDERAL AND STATE MINIMUM WAGES

- Federal minimum wage - \$7.25/hour

State of California Minimum Wage		
Effective Date	Employers w/ 25 Employees or Less	Employers w/ 26 Employees or More
January 1, 2016	\$10.00	\$10.00
January 1, 2017	\$10.00	\$10.50
January 1, 2018	\$10.50	\$11.00
January 1, 2019	\$11.00	\$12.00
January 1, 2020	\$12.00	\$13.00
January 1, 2021	\$13.00	\$14.00
January 1, 2022	\$14.00	\$15.00
January 1, 2023	\$15.00	\$15.00+CPI

LOCAL MINIMUM WAGES

- 29 states have wages higher than the federal floor of \$7.25 an hour
- 41 local agencies nation-wide have minimum wage ordinances
- 17 cities in Bay Area adopted ordinances to increase minimum wage faster than the State
- San Mateo and Belmont are the only cities in San Mateo County with a minimum wage ordinance

COMPARISON OF MINIMUM WAGE STANDARDS

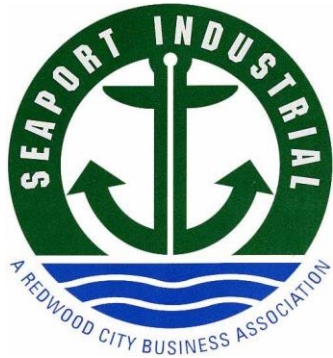
Effective Date	Federal Wage	State (25 & Less)	State (26 or more)	San Mateo	Belmont
Jan. 2018	\$7.25/hr	\$10.50	\$11.00	\$13.50	\$11.00
Jul. 2018	\$7.25/hr	\$10.50	\$11.00	\$13.50	\$12.50
Jan. 2019	\$7.25/hr	\$11.00	\$12.00	\$15.00	\$13.50
Jan. 2020	\$7.25/hr	\$12.00	\$13.00	\$15.00+CPI	\$15.00
Jan. 2021	\$7.25/hr	\$13.00	\$14.00	+ CPI	\$15.90
Jan. 2022	\$7.25/hr	\$14.00	\$15.00	+ CPI	+ CPI
Jan. 2023	\$7.25/hr	\$15.00	\$15.00+CPI	+ CPI	+ CPI

Community Engagement and Outreach

- 6,100 Postcards mailed to all Redwood City Businesses
- 250 Business Visits
- 10 Stakeholder Meetings
- 2 Business Roundtable Meetings
- 1 Community Meeting
- Online Business Survey
- Dedicated City Webpage and Email Address



Community Engagement and Outreach



Online Business Survey

- 22 responses
- Majority pay higher than current Minimum Wage
- Employees at or near the current minimum wage indicated that those employees were tipped employees
- 60% of respondents did not support raising wages to \$15 per hour in 2019
- Increase in the cost of goods

Feedback Received

Businesses/Nonprofits:

- Many currently paying close to or more than \$15.00 an hour to attract and retain quality employees due to the high cost of living in the Bay Area.
- Difficult for businesses to adjust to a \$15.00 an hour minimum wage in one step
- Concerns regarding wage compaction for veteran and up line employees
- Concerns around the impact of restaurant servers (tipped employees) and the wage disparity with kitchen staff
- Training wages for new employees

Feedback Received

Government Entities:

- Almost all employers pay their employees more than \$15.00 per hour
- Positions that pay sub \$15.00 per hour wages are on campus student employees and interns
- City cannot impose a minimum wage on Federal, State or County agencies, including school districts

Organized Labor and Community Meeting:

- Whistleblower protections
- Ample noticing
- Collective bargaining waiver
- Proactive enforcement

Proposed Ordinance Amount and Timeframe

City of Redwood City Proposed Minimum Wage		
Effective Date	State of CA (26 + Employees)	City of Redwood City (Proposed)
January 1, 2019	\$12.00	\$13.50
January 1, 2020	\$13.00	\$15.00
January 1, 2021	\$14.00	\$15.00 + 2020 CPI + 2019 CPI*
January 1, 2022	\$15.00	+ CPI
January 1, 2023	\$15.00 + CPI	+ CPI

* In January 2021 the Redwood City minimum wage will be increased by the 2020 and 2019 CPI; this will align Redwood City's minimum wage with the City of Belmont and City of San Mateo minimum wage programs.



Proposed Ordinance

- Training/Learners Wage
- Tipped vs. Non Tipped Employees
- Noticing
- Enforcement
- Employee Protections
- Collective Bargaining Waiver
- Exemptions

City Impacts

- Changes to the City's hourly wage structure including employees at the minimum wage level and up line staff will cost approximately \$500,000 annually
- Dedicated ongoing staff resources to implementation and enforcement costs - \$30,000 annual contract

Alternatives

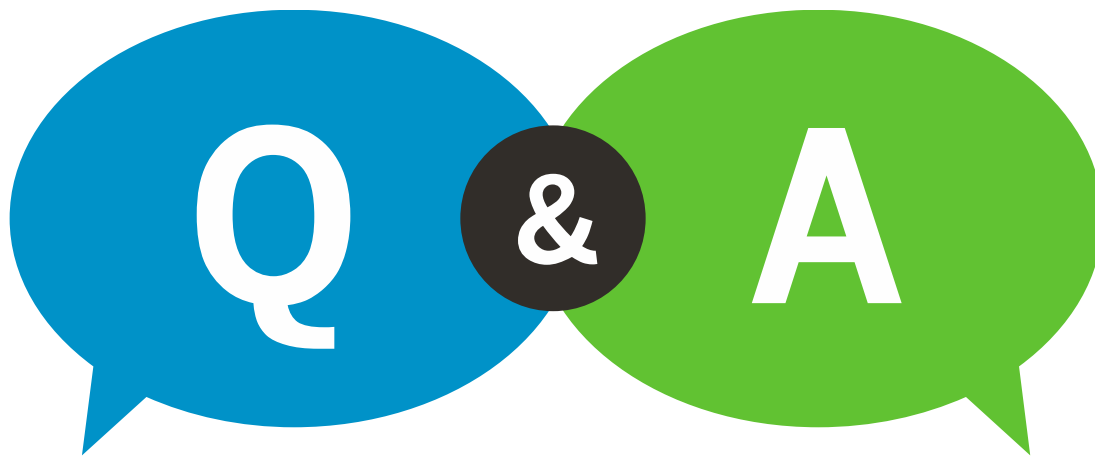
Alternatives					
Effective Date	State of CA (26 + Employees)	City of Redwood City (Proposed)	Alternative A	Alternative B	Alternative C
July 1, 2018	\$11.00	\$11.00	\$11.00	\$11.00	\$13.50
January 1, 2019	\$12.00	\$13.50	\$12.00	\$15.00	\$15.00
January 1, 2020	\$13.00	\$15.00	\$13.00	+ CPI	+ CPI
January 1, 2021	\$14.00	\$15.00 + 2020 CPI + 2019 CPI	\$14.00	+ CPI	+ CPI
January 1, 2022	\$15.00	+ CPI	\$15.00	+ CPI	+ CPI
January 1, 2023	\$15.00 + CPI	+ CPI	\$15.00 + CPI	+ CPI	+ CPI

Next Steps:

- Second Reading of Ordinance – April 9, 2018
- Contract for Enforcement Services – May 2018
- Communicate with Businesses and Community about new Local Minimum Wage -Spring/Summer/Fall 2018
- Implementation – January 1, 2019

Recommendation

Waive first reading and introduce an Ordinance to add Chapter 46 “Minimum Wage Ordinance” to the Redwood City Code adopting an increase of the minimum wage for employees working within the city of Redwood City to fifteen dollars (\$15.00) per hour by 2020



PLEASE LET US KNOW YOUR THOUGHTS

Cost to Support a Family in San Mateo County



California Budget
& Policy Center

Making Ends Meet

San Mateo County Monthly Family Budget

Expenses Per Month and as a Percentage of Budget

This budget represents the total income required to cover a family's basic needs in this county through earnings only, without government benefits or supports.

	Single Adult	Single-Parent Family	Two-Parent Family (One Working)	Two-Working-Parent Family
Housing and Utilities	\$1,915 52.5%	\$3,018 36.1%	\$3,018 42.6%	\$3,018 33.5%
Food	\$268 7.3%	\$577 6.9%	\$773 10.9%	\$773 8.6%
Child Care	\$0 0.0%	\$1,800 21.5%	\$474 6.7%	\$1,800 20.0%
Health Care (Employer-Based)	\$150 4.1%	\$564 6.7%	\$589 8.3%	\$589 6.5%
Transportation	\$304 8.3%	\$437 5.2%	\$437 6.2%	\$567 6.3%
Miscellaneous	\$361 09.9%	\$463 5.5%	\$787 11.1%	\$787 8.7%
Taxes	\$648 17.8%	\$1,510 18.0%	\$1,007 14.2%	\$1,475 16.4%
MONTHLY TOTAL	\$3,645	\$8,370	\$7,085	\$9,009
ANNUAL TOTAL	\$43,745	\$100,440	\$85,020	\$108,109
Monthly Total With Unsubsidized Marketplace Health Care	\$3,890	\$8,510	\$7,611	\$9,544
Annual Total With Unsubsidized Marketplace Health Care	\$46,683	\$102,123	\$91,334	\$114,526

Note: All family types except "single adult" are assumed to have two children, one preschool-aged and one school-aged. Main budget totals include health care costs with employer-based health insurance, while totals with unsubsidized marketplace health care include health care costs with unsubsidized health insurance purchased on the individual marketplace (Covered California). Amounts correspond to calendar year 2017. Numbers and percentages may not sum due to rounding. For methodology details, see the full 2017 *Making Ends Meet* report.

This estimated family budget is from the California Budget & Policy Center report, *Making Ends Meet: How Much Does It Cost to Support a Family in California?* (December 2017).

Visit calbudgetcenter.org/MakingEndsMeet.

