

RESPONSE TO COUNCIL QUESTIONS RE: 12/1/15 AGENDA

PUBLIC HEARING/GENERAL BUSINESS:

Item #2

I'm concerned that our proposed minimum wage increase may have the same flaws that we identified in Leno's statewide minimum wage. From memory, there were two potential flaws. One flaw was that the CPI increase was calculated year-to-year in isolation. This poses a problem in an up-year that follows a down-year. If the CPI drops by 2% in one year, the minimum wage doesn't change (no decrease due to CPI). If the CPI then increases by 3% in the following year, the minimum wage goes up by 3%, even though the overall long-term CPI increase was only 1% for the two years. So as this happens again and again over time, the minimum wage can dramatically outpace CPI growth.

The other was that it applied a 5c rounding each year in isolation. So it is possible for a combination of rounding values over sequential years to either over-round or under-round by significant amounts, through chance. If five years in a row have a 2c, 2c, 2c, 2c, 2c increase, then rounding causes no increase to occur, instead of a total of 10c over the five years. Conversely, if five years in a row have a 3c, 3c, 3c, 3c, 3c increase, then rounding causes an overall increase of 25c (5c each year), as compared to an actual 15c CPI increase.

The fix to both of these problems was to *not* calculate the CPI increase each year in isolation, but rather to set the starting CPI year (2018 for us) as the "baseline", and to calculate each year's CPI increase and rounding relative to the 2018 baseline, rather than calculating each year compared to the previous year.

Does Mountain View's ordinance calculate the CPI increase relative to a fixed point, or year-to-year? If so, can we adopt an ordinance like MV's but with this "starting point" fix, then notify MV and encourage them to modify their ordinance accordingly?

Staff Response: Mountain View's ordinance calculates the CPI increase on a year-to-year basis (see attached Mountain View ordinance). Yes, Council may direct staff to return with an ordinance that uses a certain year as a "starting point" to calculate future CPI increases or an alternative methodology that addresses the above concerns. However, all of the nearby cities (Palo Alto, Santa Clara, and San Jose) that have adopted a minimum wage ordinance use the year-to-year CPI calculation and round to the nearest five (5) cents. Council may direct staff to adopt an ordinance and ask Mountain View to modify their recently adopted ordinance, but there is no guarantee that Mountain View would agree since this action would require that they amend their ordinance again.

Item #3

Do we have an estimate of the annual savings in labor costs due to the longer replacement time of LED streetlights? The staff report mentions only savings in energy costs.

Staff Response: Staff anticipates savings in maintenance costs over the life span of the LED; most of this savings comes from the replacement costs associated with HPS bulbs. At this time staff is unsure of the exact maintenance savings, but the savings will be tracked after a few years of the project deployment.

No savings is anticipated in staff costs; accidental and system operations maintenance costs due to aging streetlight infrastructure are expected to remain the same in both cases.

ORDINANCE NO.

AN ORDINANCE AMENDING SECTION 42.14 OF THE
MOUNTAIN VIEW CITY CODE RELATED TO THE
CITYWIDE MINIMUM WAGE

THE CITY COUNCIL OF THE CITY OF MOUNTAIN VIEW DOES HEREBY
ORDAIN AS FOLLOWS:

Section 1. Section 42.14 of the Mountain View City Code is hereby amended to read as follows:

"SEC. 42.14. Minimum wage.

a. Employers shall pay employees no less than the minimum wage set forth in this section for each hour worked within the geographic boundaries of the City of Mountain View.

b. The minimum wage shall be an hourly rate of ten dollars and thirty cents (\$10.30). On January 1, 2016, the minimum wage shall be an hourly rate of eleven dollars (\$11.00). On January 1, 2017, the minimum wage shall be an hourly rate of thirteen dollars (\$13.00). On January 1, 2018, the minimum wage shall be an hourly rate of fifteen dollars (\$15.00). To prevent inflation from eroding its value, beginning on January 1, 2019, and each year thereafter, the minimum wage shall increase by an amount corresponding to the prior year's increase, if any, in the cost of living. The prior year's increase in the cost of living shall be measured by the percentage increase, if any, as of August of the immediately preceding year over the level as of August of the previous year of the Consumer Price Index (Urban Wage Earners and Clerical Workers, San Francisco-Oakland-San Jose, CA for All Items) or its successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase rounded to the nearest multiple of five (5) cents.

c. A violation for unlawfully failing to pay the minimum wage shall be deemed to continue from the date immediately following the date that the wages were due and payable as provided in Part 1 (commencing with Sec. 200) of Division 2 of the California Labor Code, to the date immediately preceding the date the wages are paid in full."

Section 2. The provisions of this ordinance shall be effective thirty (30) days from and after the date of its adoption.

Section 3. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional, such decision shall not affect the validity of the other remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional.

Section 4. Pursuant to Section 522 of the Mountain View City Charter, it is ordered that copies of the foregoing proposed ordinance be posted at least two (2) days prior to its adoption in three (3) prominent places in the City and that a single publication be made to the official newspaper of the City of a notice setting forth the title of the ordinance, the date of its introduction, and a list of the places where copies of the proposed ordinance are posted.

Section 5. Pursuant to Title 14 of the California Code of Regulations, Section 15061 (b)(3), this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a project which has the potential for causing a significant effect on the environment.

KMcC/3/ORD
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