



File #: 15-0759, Version: 1

REPORT TO COUNCIL

SUBJECT

\$15 by 2018 Regional Minimum Wage Goal Update (Information Only)

BACKGROUND

On October 28, 2014, Council adopted a Minimum Wage Ordinance to establish a minimum wage of \$10.30 per hour beginning on January 1, 2015 and starting January 1, 2016, and every January 1 thereafter, adjust the rate by an amount corresponding to the prior year's Consumer Price Index (CPI).

In addition to adopting the minimum wage ordinance, Council directed staff to work with neighboring cities, specifically the City of Mountain View, and regional organizations with the goal of reaching a \$15 per hour minimum wage by 2018. On April 21, 2015, staff provided Council with an information only report providing an overview of the approach to be used in conjunction with the City of Mountain View. Staff informed Council that the following approach would be used by both Mountain View and Sunnyvale to gather input from both communities:

- Encourage a regional approach to the minimum wage issue via the Cities Association of Santa Clara County
- Work in cooperation with Mountain View and other cities who may adopt the \$15 by 2018 goal
- Send joint letters to all mayors and city managers outlining the regional effort and seeking their support
- Host two community engagement meetings to receive feedback on a regional plan
- Conduct targeted outreach to solicit input from the business community
- Post an Open City Hall (online survey) question on the issue
- Solicit feedback from the business community and the general public on the following incremental minimum wage increase proposal:
 - \$12.00 per hour minimum wage by July 1, 2016
 - \$13.50 per hour minimum wage by July 1, 2017
 - \$15.00 per hour minimum wage by July 1, 2018

DISCUSSION

Mountain View and Sunnyvale encouraged a regional approach at the June 11, 2015 Cities Association Board Meeting, subcommittee members Sunnyvale and Mountain View Mayors Griffith and McAlister presented the following recommendation:

"The subcommittee recommends that the Cities Association encourage jurisdictions to place particular emphasis and value on establishing minimum wage ordinances that promote regional consistency within Silicon Valley. While not willing to endorse a specific minimum

wage requirement or timeline, the subcommittee points to the Sunnyvale/Mountain View effort as the only existing efforts towards regional consistency, and the subcommittee encourage jurisdictions to take a close look at this effort.”

The Cities Association Board unanimously supported the following recommendation:

“The Cities Association encourages jurisdictions to establish minimum wage ordinances that promote regional consistency within Santa Clara County. Inconsistent minimum wage rates creates serious problems for jurisdictions, locations, and employers and can affect a city’s economic competitiveness. The subcommittee points to the Sunnyvale/Mountain View efforts as the only existing effort towards regional consistency, and the subcommittee encourages jurisdictions to take a close look at these efforts. In addition, the Cities Association recommends to not exempt restaurant wait staff. The subcommittee identified three specific issues that jurisdictions should consider in their discussion of minimum wage increase: exemptions for youths, restaurant wait staff, and nonprofit organizations. Please note, all three jurisdictions within Santa Clara County (San Jose, Sunnyvale, Mountain View) that have adopted a higher minimum wage ordinance considered these three issues and none of them adopted exemptions” (Attachment 1).

A joint letter outlining Sunnyvale and Mountain View efforts was sent to all Santa Clara County mayors, with a copy to city managers, and asked that they take action to join the cities’ efforts (Attachment 2). To date, no city has formally adopted a \$15 by 2018 goal using Sunnyvale and Mountain View’s incremental approach. Sunnyvale and Mountain View staff hosted two joint community meetings to obtain feedback on the incremental minimum wage increase proposal listed above. The community feedback thus far can be summarized into three areas:

- Support for the wage increase proposal (with gradual increases)
- Support for a regional minimum wage rate
- Cost of living - minimum wage is only one issue. The cost of living in this area is very high. Cities need to address housing cost too.

There have been several minimum wage efforts at the State and local levels since Council adopted the Minimum Wage Ordinance. Senate Bill (SB) 3, introduced by Senator Leno in December 2014, proposes to raise the State’s current minimum wage of \$9 per hour to \$11 per hour effective January 1, 2016 and \$13 on January 1, 2017. Beginning on January 1, 2019, the minimum wage would be adjusted annually by the rate of inflation. Sunnyvale and Mountain View both submitted letters of support for the bill. SB 3 passed the Senate in June, but has failed to advance from committee in the Assembly.

City Councils in Palo Alto and Santa Clara approved minimum wage ordinances raising the minimum wage, in both cities, to \$11 per hour with annual CPI increases starting January 1, 2016. Also, on September 3, 2015, City of San Jose Mayor Sam Liccardo was joined by officials from Campbell, Cupertino, Milpitas, Morgan Hill, Palo Alto, and Santa Clara, in announcing a collaborative effort in funding an economic study on raising the minimum wage and to analyze impacts on both residents and businesses. The proposal includes exploring some exemptions to the minimum wage, such as persons under the age of 18. San Jose will be working with members of the Cities Association of Santa Clara County to obtain support from other cities and to financially contribute to the \$100,000

regional study (Attachment 3). Sunnyvale staff will coordinate with San Jose staff to learn more about the proposal and to determine if there are common areas to explore as we work towards the \$15 by 2018 goal.

Staff will continue to ask for additional community input, monitor minimum wage efforts at the State and local levels, and present a Report to Council, based on the current proposal, with the feedback received from other cities, the public, and the business community by late November/early December 2015. If Council wishes to direct staff to pursue another path, this would be the appropriate time to do so.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

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ATTACHMENTS

1. Cities Association Recommendation
2. Joint Letter to SCC Mayors and City Managers
3. San Jose Regional Minimum Wage Proposal