



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Consider Amending the City of Sunnyvale's Minimum Wage Ordinance to Delay the Start of Annual Consumer Price Index Adjustments from January 1, 2019 to January 1, 2020

BACKGROUND

On October 28, 2014, Council adopted a Minimum Wage Ordinance (Ordinance) to increase the hourly minimum wage to \$10.30. On April 21, 2016, Council amended the Ordinance by changing the Consumer Price Index (CPI) from the U.S. city average to the Bay Area average and increased the Sunnyvale's minimum wage to \$15 according the following schedule:

- \$11 per hour on July 1, 2015
- \$13 per hour on January 1, 2017
- \$15 per hour on January 1, 2018

In 2017, the Santa Clara County Cities Association (Association) voted to keep the "regional minimum wage" issue as a priority. As part of that effort, Cupertino, San Jose, Palo Alto, Milpitas, Los Altos, and Santa Clara joined the regional effort and adopted ordinances to incrementally raise their minimum wage to \$15 per hour by 2019 with annual CPI adjustments to start on January or July 2020.

At a February 27, 2018 Council Study Session, staff provided an update regarding the City and the region's efforts regarding the increase to a \$15 per hour minimum wage. Consistent with the City's ordinance, Sunnyvale's current minimum wage is \$15 per hour and may be adjusted based on the Bay Area CPI on January 1, 2019. Mayor Hendricks requested that staff bring this item back for formal Council action regarding whether, for regional consistency, to delay the start of the CPI adjustment from January 1, 2019 to January 1, 2020.

EXISTING POLICY

Section 3.80.040 of the Sunnyvale Municipal Code, entitled "Minimum Wage."

ENVIRONMENTAL REVIEW

Council's providing direction regarding minimum wage increases does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental policy making and administrative activity that will not result in direct or indirect changes in the environment.

DISCUSSION

On January 1, 2018, the cities of Mountain View and Sunnyvale reached \$15 per hour minimum wage. The cities of Los Altos, Milpitas, Palo Alto, San Jose, and Santa Clara will reach \$15 per hour

minimum wage in 2019. Starting January 1, 2019, Sunnyvale and Mountain View may begin CPI adjustments to the minimum wage. The cities of Cupertino, Los Altos, Palo Alto, San Jose, and Santa Clara will start inflation adjusted increases on January 1, 2020. The City of Milpitas will begin inflation adjustments on July 1, 2020. Because the cities of Sunnyvale and Mountain View will begin CPI increases on January 1, 2019, they will continue to have a different minimum wage from the rest of the cities in Santa Clara County that have adopted minimum wage ordinances.

In late September, the Mountain View City Council will be considering an amendment to their minimum wage ordinance to suspend their CPI increase from January 1, 2019 to January 1, 2020. The delay in CPI increase will allow Mountain View to be better aligned with the rest of the Santa Clara County cities. If Mountain View approves their ordinance amendment, Sunnyvale will be the only City not in alignment with the rest of the Santa Clara County cities. In addition, most Santa Clara County cities starting their CPI increases on January 1, 2020 limit future CPI increases to five percent (5%). Currently, the cities of Mountain View and Sunnyvale do not have a cap on future CPI increases.

Mayor Hendricks requested that staff bring this item forward so that Council could take formal action regarding the start date of future CPI adjustments. If Council directs staff to proceed with an Ordinance amendment to delay future CPI adjustments from January 1, 2019 to January 1, 2020, staff would return with the amended Ordinance in September 2018. This will provide staff time to notify the community of the proposed change.

If Council directs staff to return with an Ordinance amendment to delay future CPI adjustments from January 1, 2019 to January 1, 2020, staff also recommends, for regional consistency, that Council also direct staff to amend the Ordinance to limit future CPI increases to a maximum of five (5) percent.

FISCAL IMPACT

There is no fiscal impact on the City's General Fund for this item.

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. Also, an email was sent to about 8,700 business owners/representatives, the Sunnyvale Silicon Valley Chamber of Commerce, and the Sunnyvale Downtown Association informing them that this item would be considered by Council.

ALTERNATIVES

1. Take no action.
2. Direct staff to return to Council with a Minimum Wage Ordinance amendment to delay future CPI adjustments from January 1, 2019 to January 1, 2020.
3. Direct staff to return to Council with a Minimum Wage Ordinance amendment to place a maximum cap of five (5) percent on future CPI increases.
4. Other direction provided by Council.

STAFF RECOMMENDATION

Staff makes no recommendation.

This item is being presented at the request of Mayor Hendricks. Staff will implement whatever direction is provided by Council.

However, if Council chooses Alternative 2, Minimum Wage Ordinance amendment to delay future CPI adjustments from January 1, 2019 to January 1, 2020, staff recommends that, for regional consistency, Council also direct staff to amend the Minimum Wage Ordinance to limit future CPI increases to a maximum of five (5) percent.

Prepared by: Connie Verceles, Economic Development Manager

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager