



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

---

File #: 18-0717, Version: 1

---

### REPORT TO COUNCIL

#### **SUBJECT**

Introduce an Ordinance to Amend Section 3.80.040 of Sunnyvale's Minimum Wage Ordinance to Delay Future Consumer Price Index (CPI) Adjustments from January 1, 2019 to January 1, 2020, and Limit Future CPI Increases to a Maximum of Five (5) Percent

#### **BACKGROUND**

On October 28, 2014, Council adopted Sunnyvale Municipal Code Chapter 3.80 as a local 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 per 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.

Staff presented this item to Council on July 31, 2018 and Council directed staff to return with a Minimum Wage Ordinance amendment to delay future CPI adjustments from January 1, 2019 to January 1, 2020 and to amend the ordinance for a maximum cap of five (5) percent on future CPI increases.

#### **EXISTING POLICY**

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

Council Policy 7.3.1 Legislative Management - Goals and Policies:

Policy 7.3B.3 Prepare and update ordinances to reflect current community issues and concerns in

compliance with state and federal laws.

Council 5.0 Long-term Advocacy Positions - Socio-Economic:

Policy 5.2.3 Supporting the quality of life in Sunnyvale, the City would support legislation to increase the current minimum wage or tie future increases to Consumer Price Index (CPI) or inflation.

### **ENVIRONMENTAL REVIEW**

Amending the minimum wage ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15061 (b) (3) in that it is not a project which has the potential for causing a significant effect on 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 January 2019. 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.

In October 2018, 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 and to limit future increases to five (5) percent. The delay in CPI increase will allow Mountain View to be in alignment with the rest of the Santa Clara County cities. If Mountain View approves their ordinance amendment, Sunnyvale and Milpitas will be the only cities not in alignment with the rest of the Santa Clara County cities on minimum wage.

On July 31, 2018, Council directed staff to proceed with an ordinance amendment to delay future CPI adjustments from January 1, 2019 to January 1, 2020 and amend the Ordinance to limit future CPI increases to a maximum of five (5) percent. As per Council direction, Attachment 1 shows the amended language to Section 3.80.040 of Sunnyvale's Minimum Wage Ordinance to delay future CPI adjustments from January 1, 2019 to January 1, 2020, and limit Future CPI increases to a maximum of five (5) percent. This amendment will ensure that Sunnyvale is aligned with the overwhelming majority of the Santa Clara County cities regarding the minimum wage rates.

### **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, Sunnyvale Downtown Association, and Sunnyvale Community Services informing them that this item would be considered by Council.

### **ALTERNATIVES**

1. Introduce an Ordinance to Amend Section 3.80.040 of Sunnyvale's Minimum Wage Ordinance to delay future CPI adjustments from January 1, 2019 to January 1, 2020, and limit future CPI

- increases to a maximum of five (5) percent.
- 2. Do not approve the ordinance amendment
- 3. Other Council direction.

### **STAFF RECOMMENDATION**

Alternative1: Introduce an Ordinance to Amend Section 3.80.040 of Sunnyvale's Minimum Wage Ordinance to delay future CPI adjustments from January 1, 2019 to January 1, 2020, and limit future CPI increases to a maximum of five (5) percent.

Council directed staff to put forward the ordinance amendment. Staff followed council's direction and prepared the ordinance amendment accordingly.

Prepared by: Connie Verceles, Economic Development Manager

Reviewed by: Teri Silva, Assistant City Manager

Reviewed by: John Nagel, City Attorney

Approved by: Kent Steffens, City Manager

### **ATTACHMENTS**

- 1. Amended Minimum Wage Ordinance