



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Introduce an Ordinance to Amend Section 3.80.040 of Sunnyvale's Minimum Wage Ordinance to Limit Future Consumer Price Index (CPI) increased to a Maximum of Five (5) Percent and Update the name of CPI index from the San Francisco-Oakland-San Jose to the San Francisco-Oakland-Hayward index

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 will be adjusted to \$15.65 based on the Bay Area CPI increase on January 1, 2019.

On September 11, 2018, Council directed staff to return with an amendment to the Ordinance to impose a maximum cap of five (5) percent on future CPI increases. Attachment 1 is a draft ordinance that includes a 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 Prepare and update ordinance 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 of tie future increases to CPI or inflation.

ENVIRONMENTAL REVIEW

Amending the minimum wage ordinance is exempt from the California Environmental Quality Act ("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.

On September 11, 2018, Council directed staff to return with an amendment to the Ordinance to impose a maximum cap of five (5) percent on future CPI increases. The attached amendment shows a cap of five (5) percent on future increases. Also, the current Ordinance states that CPI increases will be based on the "Bay Area 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." Staff was informed by the Bureau of Labor Statistics (BLS) that the Bay Area CPI's new index name is "Urban Wage Earners and Clerical Workers, San Francisco-Oakland-Hayward, CA for All Items." The BLS dropped San Jose and added Hayward. Since staff is recommending that Council amend the Ordinance to impose a five (5) percent cap on future increases, staff is also recommending that Council amend the Ordinance to reflect the new CPI index name (Attachment 1).

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.

ALTERNATIVES

1. Introduce an Ordinance to Amend Section 3.80.040 of Sunnyvale's Minimum Wage Ordinance to Limit Future Consumer Price Index (CPI) increased to a Maximum of Five (5) Percent and Update the name of CPI index from the San Francisco-Oakland-San Jose to the San Francisco-Oakland-Hayward index
2. Other action as directed by Council

STAFF RECOMMENDATION

Alternative 1: Introduce an Ordinance to Amend Section 3.80.040 of Sunnyvale's Minimum Wage Ordinance to Limit Future Consumer Price Index (CPI) increased to a Maximum of Five (5) Percent and Update the name of CPI index from the San Francisco-Oakland-San Jose to the San Francisco-

Oakland-Hayward index.

Council directed staff to put forward an ordinance amendment to ensure Sunnyvale was in sync with the region regarding the five (5) percent cap. Staff followed council's direction and prepared the ordinance amendment accordingly. The amendment will also correct the new CPI Bay Area Index name as per the BLS direction.

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. Draft Ordinance