



City of San Leandro

Meeting Date: March 21, 2016

Minutes

File Number: 16-149

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.C.

TO: Finance Committee

FROM: Chris Zapata
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: Highlights of the Finance Committee Meeting of January 25, 2016

CITY OF SAN LEANDRO

FINANCE COMMITTEE

January 25, 2016

5:00 - 6:30p.m.

San Leandro City Hall
835 East 14th Street
San Leandro, California
(Sister Cities Gallery)

HIGHLIGHTS

1. CALL TO ORDER

Vice Mayor Prola called the meeting to order at 5:00 p.m.

1.A. Attendance

Committee members present: Vice Mayor Prola, Councilmember Lee

City staff present: City Manager Zapata, City Attorney Pio Roda, Finance Director Baum, Assistant Finance Director Fuentes, Budget/Compliance Manager Perini, Assistant to the City Manager Engelbart; Business Development Manager Kay

Public present: Mike Wiesner, Jenny Dubouge, Joey Garcia, Jennifer Lin, Lee Thomas, Dave Johnson, Richard Becker, Augustin Ramirez, Robin Torello, Terry Sandoval, Crystal Gonzales

1.B. Announcements

None.

2. DISCUSSION ITEMS

2.A. Minimum Wage Update

Vice Mayor Prola announced that this discussion of Minimum Wage is being continued from the December 15, 2015 Finance Committee. City Manager Zapata stated that at the December 15, 2015 meeting, committee members asked that some items be clarified and asked staff to provide a working draft of the Minimum Wage Ordinance. Assistant to the City Manager Engelbart handed out an updated spreadsheet of an overview and assessment of minimum wage requirements throughout different cities in the bay area. The spreadsheet also includes population count, number of housing units, labor force data, unemployment rates and percentage of population living below poverty line. Mr. Engelbart acknowledged that the committee also asked for information related to business license data from other cities. Unfortunately, staff encountered difficulties in gathering such information. Mr. Engelbart provided an explanation that some differences are due to cities using information from July vs. January.

City Attorney Pio Roda provided a copy of a working draft of the Minimum Wage Ordinance for the City of San Leandro. Mr. Pio Roda provided explanation of each provision of the Ordinance, including the City Council's authority to increase the Minimum Wage, the definition of "Employer" and other provisions (mirrored from the City of Berkeley), how much the minimum wage would be and when it would commence, exemptions (based on size/number of employees), split rates (based on size of business), employer requirements, how many years must the employer maintain records, violation penalties, as well as other provisions. Mr. Pio Roda stated that direction is needed from the Council regarding the issue of a Mandatory Sick Leave Ordinance.

Vice Mayor Prola stated he would like to see the minimum wage within the City reach \$15.00. Also, Vice Mayor Prola asked Councilmember Lee what his thoughts were regarding the inclusion of CPI to the minimum wage so that it increases every year based on the index. Mr. Zapata reminded the committee that Mayor Cutter was concerned about including CPI with the minimum wage and stated that working with City bargaining units, the City does not include CPI.

Councilmember Lee wants to be able to protect the smaller local businesses in the City. Councilmember Lee stated that the national franchises within the City can pay because they have more money.

Mike Weisner asked if the Ordinance would include a two-tier system for small to large business. Specifically he asked that there be a two-tier system for the restaurants that pay tips. Mr. Weisner clarified his pay structure for employees and explained that due to tips, his employees may make up to \$40/hr.

Jenny of United Food and Commercial Workers, supports Pathway to \$15. Jenny works with Wal Mart and advised the Committee that when the City of Oakland raised their minimum wage to \$12.50, the two Wal Marts in San Leandro also raised their minimum wage to \$12.50.

Jenny Lin stated that CPI should be added to the Minimum Wage because cost of milk and other items increases so it makes sense to include CPI to wages. She also provided an explanation as to why there should be no exemptions as all employees are deserving of fair wages.

Crystal Gonzales of Davis Street Resource Center stated that many of their clients live in the City and are forced to work outside of the City. If the City increased the minimum wage, they would be able to work in the City and would not be forced to use the services that are provided.

Statements were also made by Dave Johnson, Augustin Ramirez, Richard Becker, Robin Torello, and Terry Sandoval

City Manager Zapata provided a recap of the meeting. The recap is as follows: staff needs direction as far as the start date and amount/step structure, discussion of CPI adjustment, more conversation around exemptions and sick leave, as well as a roll-out plan with community. Mr. Zapata also stated to the public present that the discussions made at the Committee will be taken to the full City Council for decisions.

2.B. Potential Local Revenue Measures for November 2016 Ballot

City Manager Zapata provided information to the Committee on the Transient Occupancy Tax, Cannabis Tax, and Business License Rates. Finance Director Baum stated that the City of San Leandro currently has a 10% tax and if we were to increase, it may impact future developers. City Manager Zapata stated that we can look into increases in the TOT to a possible 12% and add Cannabis Tax to fund an Art and Culture component. Vice Mayor Prola agrees with the increase as he stated that currently Oakland charges 14% and many people utilize their hotels. Councilmember Lee also agrees with increasing the TOT however he would like to see a report of occupancy rates and cost at the next Finance Committee meeting.

Eric Engelbart provided information on the Cannabis (Gross Receipts Tax). Although the City of San Jose has passed an Ordinance to increase the tax to 10%, they are currently charging 7%. There must be decision on how the revenue of the future dispensary should be dedicated. If it is a simple gross receipt tax and goes into the General Fund, it is a majority tax; if it is specific to the Arts and Culture programs, it would be a 2/3 required vote. Councilmember Lee would like to know what the impact will be for patients utilizing the dispensary. City Manager Zapata stated that Harborside has a program for reduced or waived pricing for those that qualify.

City Manager would like to initiate a new Business License Tax structure. One of the main areas is with Warehouse businesses. Currently the Business License Tax is based on number of employees. Warehouses are typically big buildings with a low number of employees. Business Development Manager Kay would like to change their business license fee structure to pay on a square footage basis. By increasing the warehouse fees, we may be

able to provide small businesses with a reduced fee.

Both Vice Mayor Prola and Councilmember Lee agree with the recommendations.

3. PUBLIC COMMENTS

None.

4. COMMITTEE MEMBER COMMENTS

Vice Mayor Prola stated that he is unavailable on February 17, 2016 for the currently scheduled meeting and provided some alternate dates. Councilmember Lee also provided some dates that he is available.

5. ADJOURN

The meeting was adjourned at 6:37 p.m.