

1.B. Announcements

None.

2. DISCUSSION ITEMS

2.A. Update of Statewide Minimum Wage

Mayor Cutter agrees with statewide minimum wage and would like the State's new minimum wage be the City's guide however if that is not what the Committee would like to do, she will work with the Committee.

Councilmember Prola feels it is Council's obligation to assist the citizens of San Leandro by raising the minimum wage faster than the State's plan. The State's plan does not raise the minimum wage to \$15/hr until 2022.

Councilmember Lee stated that he recently visited the City of Oakland's Chinatown and it is disappearing. Councilmember Lee referenced an article sent to him by the Chinatown Chamber of Commerce and the article states businesses are cutting their hours and/or closing down. This is due to the increase of the minimum wage. Councilmember Lee would like to give the statewide minimum wage a chance to succeed.

Councilmember Prola stated that the City of Oakland polled businesses, including those in Chinatown, and there are other issues that contribute to the closing of businesses. These issues include rent increases, turnover of employees, and bad management.

Mayor Cutter would like to present to the entire Council options to consider. This will provide the entire Council an opportunity to review every option and provide input.

City Manager Zapata stated that the earliest this item can be placed on the Council Agenda would be in June.

Mayor Cutter suggested bringing the item to the June 13, 2016 Work Session for public input and then bringing it to the following Council meeting, June 20, 2016, for vote. This would give the public an opportunity to speak at two meetings.

Councilmember Prola stated that public notice should be placed in the San Leandro Times and the East Bay Times, in multiple languages.

City Manager Zapata stated that there is information available based on the Committee's request of staff from the prior meeting. Staff met with Jennifer Lin from the East Bay Alliance regarding the definition of large businesses. Staff will provide an informational packet at the Council meeting that will include information from all of the Finance Committee meetings on this topic. Mr. Zapata recommends presenting a timeline of meeting dates, times, general information and summary of discussions of those meetings in the informational packet. Mr. Zapata also recommends showing the public that discussions have taken place in at least four Finance Committee meetings. Mr. Zapata would like to make certain that there is not already

an agenda item for the June 13th Work Session.

Deputy City Manager Engelbart stated that there was an item however he has heard that it may be postponed; Mr. Engelbart will verify.

Acting Assistant City Manager Kay presented information to break down small and large businesses. This information provides business size by industry category but not whether the business is national or local.

Project Specialist Bowman provided an overview of the information provided. . The largest number of San Leandro businesses are small businesses. 91% of businesses have 25 or less employees, but 40% of employees work for those for businesses.

City Attorney Pio Roda stated that State law permits each jurisdiction the right to treat minimum wage independently.

City Attorney Pio Roda provided information, received from Jennifer Lin of East Bay Alliance, regarding a proposal to define large businesses as those that have more than 25 employees globally or more than 10 establishments globally. This information was requested at the prior meeting. A memo was provided to the Committee.

Councilmember Prola asked Mr. Pio Roda about the City of Berkeley's proposed minimum wage and whether it passed or not. Mr. Pio Roda will follow up and provide that information to the Committee.

City Manager Zapata recommended placing an ad in the San Leandro times, issuing a Press Release and posting on Next Door.

2.B. Public Opinion Survey for November Revenue Measures (Godbe Research)

City Manager Zapata reminded the Committee of the prior month's meeting on increasing revenue to fund enhanced services and the Committee's direction to move forward with a public opinion survey. The cost of the survey is within the City Manager's authorization and therefore Godbe Research has been hired to begin the process.

Deputy City Manager Engelbart stated that a kick-off meeting with Godbe has taken place and Godbe is in the process of finalizing the survey questionnaire. The questionnaire is based on the Committee's comments and direction. The survey will include approximately 500 citizens and will ensure that it covers all demographics. Godbe will contact participants via emails and phone calls. The process will be about 6 weeks. Mr. Engelbart stated that once the questions are provided, he will provide an in-depth email to the Committee within the following week. There will be a Spanish and Chinese version of the survey as well.

Mr. Engelbart stated there are four categories for the survey: Cannabis Business Tax, modifications to the Transient Occupancy Tax and modifications to the business tax.

According to City Manager Zapata, the survey will provide useful data on how the citizens feel about the measures and how they might vote.

Deputy City Manager Engelbart stated that based on the survey, Council may determine if the vote will be 2/3 or 50%+1.

City Attorney Pio Roda clarified the difference between a general purpose 50%+1 or a specific need required a 2/3 vote. Once the measures are on the ballot neither the Council nor City staff can speak in favor of the measures however they can provide factual information on the measures.

City Manager Zapata stated that in the past Council approved an ad hoc Committee for Measure HH and promoted an information campaign.

3. PUBLIC COMMENTS

Jennifer Lin thanked the staff and Council for continuing to speak on the minimum wage. Ms. Lin spoke on the memo that was provided regarding the definition of large businesses. Ms. Lin also asked that franchises and chains be included in the minimum wage ordinance.

4. COMMITTEE MEMBER COMMENTS

None.

5. ADJOURN

The meeting was adjourned at 5:55 p.m.

**CITY OF SAN LEANDRO
CITY COUNCIL INTERNAL COMMITTEE MEETING SIGN-IN SHEET**

NAME OF CITY COUNCIL INTERNAL COMMITTEE	DATE OF MEETING
FINANCE COMMITTEE	May 3, 2016

Signing-in on this sheet is not required for participation. Information provided below may be used for notification and/or follow-up.

NAME	AGENCY/MAIL ADDRESS	TELEPHONE NUMBER	EMAIL ADDRESS
1. <i>Jan Fola</i>	<i>SL Council</i>	<i>on file</i> →	
2. <i>Donny & Ruth</i>	<i>UFCW TU</i>		
3. <i>Simone Williams</i>	<i>Resident</i>	<i>510-750-2224</i>	
4. <i>Mary Ann Perini</i>	<i>Finance</i>	<i>X 3324</i>	
5. <i>Pauline Cutter</i>	<i>City</i>		
6. <i>Benny Lee</i>	<i>City</i>		
7. <i>Chris Zepeda</i>	<i>COSL</i>		<i>czepeda@sanleandro.org</i>
8. <i>David Baum</i>	<i>"</i>		
9. <i>Eric Engelbart</i>	<i>City</i>	<i>x 3391</i>	
10. <i>Richard D. Pio Roda</i>	<i>City Attorney</i>	<i>x 3361</i>	
11. <i>Katie Bowman</i>	<i>Business Devel</i>	<i>x 3327</i>	<i>Kbowman@sanleandro.org</i>
12. <i>Jeff Kay</i>	<i>CMO</i>	<i>3319</i>	<i>jkay@sanleandro.org</i>
13. <i>Emily Griego</i>	<i>Sanleandro Chamber</i>		<i>emilyg@sanleandrochamber.com</i>
14. <i>Jennifer Lin</i>	<i>East Bay Alliance</i>		<i>jenny@workingeastbay.org</i>
15. <i>JOEY GARCIA</i>	<i>Bay Area</i>	<i>X7 40</i>	<i>joeyfortrespet@gmail.com</i>
<i>Cynthia Battenberg</i>	<i>City</i>	<i>x 3352</i>	

San Leandro Business Types by Firm Size - 2015

Number of Businesses

Business Type	Employment Size					Total
	0-5	6-25	26-50	51-100	101+	
Contractor	111	69	12	9	2	203
Manufacturing	88	69	16	14	15	202
Professional	209	77	6	2	1	295
Retail	401	260	45	23	14	743
Service	862	198	31	21	15	1,127
Warehouse	26	37	1	-	-	64
Wholesale	137	116	14	6	3	276
Other	88	8	2	3	1	102
Total	1,922	834	127	78	51	3,012

Number of Employees

Business Type	Employment Size					Total
	0-5	6-25	26-50	51-100	101+	
Contractor	281	900	450	611	420	2,662
Manufacturing	227	867	584	931	2,676	5,285
Professional	476	739	193	178	1,032	2,618
Retail	1,055	3,113	1,630	1,463	2,435	9,696
Service	1,673	2,257	1,125	1,384	2,871	9,310
Warehouse	102	301	40	-	-	443
Wholesale	371	1,326	893	403	623	3,616
Other	82	103	70	130	205	590
Total	4,267	9,606	4,985	5,100	10,262	34,220

- Businesses with a business license, excluding home occupation, property rental and exempt businesses

April 15, 2016

To: City Attorney Richard Pio Roda and City Manager Chris Zapata
From: Jennifer Lin, East Bay Alliance for a Sustainable Economy
Re: **Large business and chain store definitions: Recommendations and examples from other cities**

San Leandro has an opportunity to raise the minimum wage above the state minimum wage law that will reach \$15 by 2022, with a 1 year extension for businesses with greater than 25 employees in California.

This memo outlines lessons San Leandro could learn, and our recommendations drawing from San Francisco, San Jose, and other cities when defining large, corporate chain-stores.

EBASE, in conversation with our partners working in the retail, hotel, and warehousing sectors, recommends the following definition for large businesses:

- *Employers who have more than 25 employees globally, or who have more than 10 establishments globally.*

Number of Employees Globally

- 25 employees or less in California is the threshold for a small business set by the recent California minimum wage increase signed by Governor Jerry Brown earlier this month. Small businesses have 1 additional year to comply with the statewide minimum wage.
- It is important to count the number of employees in the largest geography possible. For example, if a corporate fast food chain has 20 employees and there is only 1 location in San Leandro, without counting the fast food chain's total employment globally or the franchisee's other locations in other cities, it could be misconstrued as a small business (see franchises and labor costs below).

Franchises

- The State of California has established state definitions and regulations on franchises, including Business and Professions Code Section 2000-20010. Cities may reference this definition in local policies.
- The franchise model is controlled at the top by the corporation, who set labor budgets and staffing allocations through the franchise agreements.¹ These agreements limit the ability for local store managers who want to pay higher wages from doing so.
- See alternative language for chain stores below.

San Francisco's policy

- San Francisco has a policy that covers "Formula Retail Establishments" (an existing land use and planning definition of chain stores) with at least 40 establishments worldwide **and** 20 or more employees in the city.
- We recommend counting employees globally, both inside and outside of a city, when determining business size. San Francisco has other policies that cover 20 employees *located in San Francisco and outside of San Francisco* in determining employer size, as long as there is at

¹ Alejandra Cancino, "SEIU seeks federal investigation of franchise industry." *The Chicago Tribune*, May 18, 2015. Available <http://www.chicagotribune.com/business/ct-fight-for-15-ftc-0519-biz-20150518-story.html>. Accessed April 2016. Referenced in Center for Popular Democracy, EBASE, and ACCE report, "Wages and Hours: Why Workers in Emeryville's Service Sector Need a Fair Workweek." March 2016.

least 1 employee in San Francisco. These policies include the Health Care Security Ordinance, Family Friendly Workplace Ordinance, and Fair Chance Ordinance.

- We consider the 40 establishments threshold **too high**, and would also recommend a covered employer meet **either** the employee size threshold **or** the number of establishments or locations threshold, but not both.
- We would **not** recommend San Francisco's formula retail definition to define chain stores in San Leandro because it originated as a planning code definition, and was not directly crafted to address employment standards.

San Jose "Opportunity to Work" ballot initiative language (currently signature gathering underway to place on November 2016 ballot)

- Defines chain businesses as "a set of businesses that share a common brand or are characterized by standardized options of décor, marketing, packaging, products or services."
- Employment size of chain businesses and franchisees are counted as total number of employees, "whether or not located in the City."
- Language here allows for small franchisees—i.e. those with only a few locations—to be counted as a small business. A franchisee's employment is defined only by the total number of employees at locations owned by that franchisee regardless of location, but does not count the total employment of the franchisor. For example, under this proposal, if a Burger King franchisee owns three locations, their employment size is calculated just on those three locations and not on Burger King's global employment.

Definition of Employer

- We recommend keeping the definition of employer that was in the draft ordinance, which includes those who directly or indirectly controls the wages, hours, or working conditions of any employee, and includes those working under a subcontract, temporary staffing agency, or similar entity. This is consistent with language in other cities including San Francisco, Oakland, and Emeryville.

Emeryville

- Emeryville's minimum wage policy has a definition of large employer that is >55 employees in Emeryville—a threshold that we believe is **too high** and would not recommend.