



# City of San Leandro

Meeting Date: June 13, 2016

## Staff Report

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**File Number:** 16-286

**Agenda Section:** WORK SESSION

**Agenda Number:** 2.A.

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** City Council

**FINANCE REVIEW:** David Baum  
Finance Director

**TITLE:** Staff Report for City Council Work Session on Local Minimum Wage

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### SUMMARY AND RECOMMENDATIONS

This report is for informational purposes only. Per the direction of the City Council Finance Committee, the purpose of this work session is to solicit discussion by the City Council on the topic of minimum wage and various potential approaches to the new statewide minimum wage law that was signed by the Governor on April 4, 2016.

### BACKGROUND

A San Leandro minimum wage ordinance has been through extensive discussion by the City Council Finance Committee over the course of seven monthly meetings beginning in October, 2015. A range of studies and analyses were presented to the Committee and comments were provided by the public. A summary of documentation presented to the Committee is provided below (copies of which have been attached to this report):

- **Summary of Local Minimum Wage Ordinances in other Bay Area Cities**  
This document provides a summary of local minimum wage ordinances in other Bay Area communities, all of which were developed and adopted prior to the new statewide \$15/hour minimum wage law signed in April, 2016.
- **Summary of Business License Data**  
This document provides a summary of the various types of businesses currently operating in San Leandro, sorted by the number of employees, based on business license data.
- **Fact Sheet: Boosting California's Minimum Wage to \$15/Hour**  
This fact sheet was developed and distributed by the Governor's Office; it summarizes the major provisions of Senate Bill 3 (the new statewide minimum wage law), including relevant phased implementation dates.

- **Draft Ordinance**  
Prepared by the City Attorney, this draft ordinance provides a template that could be used by the City Council if it were to decide to move forward with a local minimum wage.
- **Letter, dated Jan 26, 2016 & Memorandum, dated April 15, 2016 from EBASE**  
These two documents were submitted to the City by a representative from the East Bay Alliance for a Sustainable Economy (“EBASE”), an advocacy group that campaigns for implementation of various policies and regulations related to minimum wage as well as other social and economic justice causes.
- **Notes from San Leandro Chamber of Commerce**  
This attachment contains notes that were transmitted to the City’s Finance Director by the San Leandro Chamber of Commerce and presented verbally to the Finance Committee by a member of the Chamber.

### **Analysis**

With the passage of SB 3, California is now on a path to achieving a \$15/hour minimum wage by 2022 for all workers in businesses with 26 or more employees, allowing one additional year for smaller businesses with 25 or fewer employees. Once small businesses achieve \$15/hour, the minimum wage will be indexed annually for inflation (using the national Consumer Price Index) beginning January 1st of each year, in perpetuity. More complete details on the specific phasing-in of the annual minimum wage increases is provided in the attached fact sheet from the Governor’s Office.

The State of New York also adopted a minimum wage law that will eventually achieve a \$15 minimum wage, although implementation varies greatly by region, with those areas of the state in close proximity to New York City achieving the \$15/hour wage soonest. California and New York are the only two states that have adopted statewide minimum wage requirements that will achieve \$15/hour.

Governor Brown’s execution of SB3 came one week after the Governor, labor groups and legislative leaders announced a deal to raise California’s statewide minimum wage after Service Employees International Union - United Healthcare Workers West qualified an initiative for the November ballot. As of the date of this staff report, that measure could still appear on the November 2016 statewide ballot, although its proponents have until June 30th to withdraw it. Like the new State law, this proposed measure would gradually raise the statewide minimum wage to \$15/hour, although it would do so at a more aggressive schedule.

Throughout the course of the past eight months, the Finance Committee heard testimony and received reports from members of the public, advocacy groups, fellow committee members, City staff and others providing arguments in favor and arguments against implementation of a local minimum wage ordinance. The below provides a summary of some of the common arguments for and against implementation of such a measure.

### **Arguments in Support of a Local Minimum Wage Exceeding New State Requirements:**

Proponents of a local San Leandro minimum wage ordinance argue that the new state law is not aggressive enough in phasing-in the \$15/hour rate, and that implementation of a local ordinance would better support the most vulnerable populations who work in San Leandro. Proponents note that the cost of living, particularly rents, in the Bay Area continue to increase each year and median wages have not kept pace, which has most heavily impacted low-wage earners struggling to make ends meet. Proponents also argue that enhanced minimum wage requirements provide workers with extra disposable income that is re-circulated throughout the local economy through increased purchasing power.

#### Arguments in Opposition to a Local Minimum Wage:

Opponents to local minimum wage efforts note that one of the underlying reasons the State adopted the new law was to create a level playing field across the entire State, thereby obviating the need for local municipalities to adopt their own unique wage regulations. Such a patchwork of varying regulations creates a competitive disadvantage to businesses operating in places with higher wage requirements. Opponents also assert that wage floors can lead to increased unemployment as companies shed workers to offset higher labor costs. Higher labor costs also inevitably lead to increased prices for consumers, which can compound increases in the cost of living. Local business license data also indicates that approximately 10% of San Leandro workers live in San Leandro, so a local ordinance could primarily benefit non-residents. Opponents also point out that the new state requirements have not been implemented, so it is premature to adopt more aggressive local wage requirements when the impact of the new state law remains unknown.

#### Summary

After completing seven months of policy review surrounding a local minimum wage ordinance, one member of the Finance Committee stated that a local ordinance remained appropriate in order to more aggressively implement the phasing of wage increases each year, and two of the Finance Committee members stated that they believed the City should allow more time for the new state law to take effect before further exploring any additional local wage requirements. In light of this lack of consensus, the Committee members mutually agreed to elevate the discussion to the entire City Council, which is the purpose of this work session.

#### Other Policy Considerations

It should also be noted that as part of the Finance Committee's deliberations on this issue, several members of the Committee expressed interest in conducting outreach to local businesses in order to solicit their feedback before moving forward. If the City Council supports moving forward with a local minimum wage ordinance, staff requests direction regarding whether additional outreach efforts should be conducted and in what form such outreach should take place. In addition, given that the City has never previously regulated private-sector wages on such an expansive and universal scale, staff requests authorization to explore what additional staffing, new regulatory tools and associated General Fund costs would be required to implement and ensure compliance with such an ordinance, if so directed by the Council.

### **ATTACHMENTS**

- Summary of Local Minimum Wage Ordinances in other Bay Area Cities
- Summary of Business License Data

- Fact Sheet: Boosting California's Minimum Wage to \$15/Hour
- Draft Local Minimum Wage Ordinance
- Letter, dated Jan 26, 2016 & Memorandum, dated April 15, 2016 from EBASE
- Notes from San Leandro Chamber of Commerce

**PREPARED BY:** Eric Engelbart, Deputy City Manager, City Manager's Office

**Comparison of minimum wage laws and other indicator data in the Bay Area**

City	Nov. 19, 2014	Jan. 1, 2015	Jan. 1, 2016	Jan. 1, 2017	Jan 1, 2018	Jan. 1, 2019	Jan 1, 2020	Notes/ Exceptions	Total Population	Total Est Housing Units	Total Labor Force	Unemployment rates	% Popltn living below federal poverty level
Berkeley	\$10.00	\$10.00	\$12.53	\$12.53	\$12.53	\$12.53	\$12.53	For Nonprofit organizations, the hourly rate is \$11/ hour. The Berkeley City Council has suspended discussions regarding amendments to its local minimum wage ordinance pending the outcome of November 2016 local ballot measures.	118,780	49,342	61,700	3.60%	18.0%
El Cerrito	\$9.00	\$9.00	\$10.00	\$12.25	\$13.60	\$15.00	+CPI	Minimum Wage requirements become effective on July 1, 2016. Rate would be \$11.60/hour from 7/1/2016 thru 12/31/2016	24,288	10,578	13,700	4%	8.5%
Emeryville - small businesses	\$9.00	\$9.00	\$12.25	\$13.00	\$14.00	\$15.00	\$16.00 est. (CPI)	Annual increases are effective July 1 each year. Applies to business with 55 FTE or fewer employees; Requires paid sick leave (accrued at 1 hour per 30 hours worked, capped at 48 hours); rate beginning in 2020 is estimated based on projected CPI; Requires Hospitality employees get	10,570	6,719	7,200	2.80%	9.7%
Emeryville - large businesses	\$9.00	\$9.00	\$14.44	\$14.82	\$15.20 est. (CPI)	\$15.60 est. (CPI)	\$16.42 est. (CPI)	Annual increases are effective July 1 each year. Applies to businesses with 56 FTE or more employees; Requires paid sick leave (accrued at 1 hour per 30 hours worked, capped at 72 hours); Rates beginning in 2017 are estimates only, based on forecasted CPI; Requires Hospitality employees get service charges.	"	"	"	"	"
Mountain View	\$9.00	\$10.30	+CPI	+CPI	+CPI	+CPI	+CPI	Starting Jan. 1, 2016, + inflation rate increase each year. Goal of \$15.00 minimum wage by 2018;	77,914	34,807	50,500	2.90%	8.1%
Oakland	\$9.00	\$9.00	\$12.55	+CPI	+CPI	+CPI	+CPI	Per voter-initiated Measure FF, requires paid sick leave and Requires Hospitality employees get service charges; Employees shall accrue 1 hour of paid sick leave for every 30 hours they work. Employers may cap accrued paid sick leave earned by an employee at 40 hours for small businesses (fewer than 10 workers) and at 72 hours for other employers. Employers may set a higher cap or no cap at all.	410,603	171,138	211,600	5.50%	20.5%
Richmond	\$9.00	\$9.60	\$11.52	\$12.30	\$13.00	+CPI	+CPI	Starting Jan. 1, 2019, + inflation rate increase each year.	107,346	39,396	53,700	5.30%	18.5%
San Leandro	\$9.00	\$9.00	\$10.00	\$10.50	\$11.00	\$12.00	\$13.00	Reflects SB3 statewide min. wage requirements for large employers 26+ FTE (small businesses have one additional year for implementation)	88,441	32,508	47,200	4.80%	10.0%
San Francisco	\$10.74	\$11.05	\$13.00	\$14.00	\$15.00	+CPI	+CPI	Per voter-initiated Proposition J, starting Jan. 1, 2019, + inflation rate increase each year. Req. paid sick leave under separate ordinance	845,602	384,657	553,300	3.40%	13.5%
San Jose	\$10.15	\$10.30	+CPI	+CPI	+CPI	+CPI	+CPI	Starting Jan. 1, 2016, + inflation rate increase each year.	1,016,479	327,652	553,200	4.30%	12.2%

City	Nov. 19, 2014	Jan. 1, 2015	Jan. 1, 2016	Jan. 1, 2017	Jan 1, 2018	Jan. 1, 2019	Jan 1, 2020	Notes/ Exceptions	Total Population	Total Est Housing Units	Total Labor Force	Unemployment rates	% Popltn living below federal poverty level
Sunnyvale	\$9.00	\$10.30	\$11.00	\$13.00	\$15.00	+CPI increase	+CPI increase	Starting Jan. 1, 2016, + inflation rate increase each year. Goal of \$15.00 minimum wage by 2018;	148,028	57,561	86,900	3.40%	8.1%
Statewide	\$9.00	\$9.00	\$10.00	\$10.50	\$11.00	\$12.00	\$13.00	Reflects SB3 statewide min. wage requirements for large employers 26+ FTE (small businesses have one additional year for implementation). On July 1, 2015, AB 1522 will go into effect requiring that all employers in the State of California provide Paid Sick Leave to both full-time and part-time Employees, accrued at the rate of one hour Paid Sick Leave for every 30 hours worked.	38,714,725	13,914,715	18,987,700	5.70%	15.9%

**Other notes**

Berkeley, Mountain View, Richmond and San Jose Min. Wage Laws were passed by City Council; Oakland and San Francisco most recent Minimum Wage laws passed by voter initiative

The University of California system will raise its minimum wage to \$15 an hour by Oct. 1, 2017.

Total population & Housing units figures derived from State Dept of Finance - bureau of demographic research, Jan 2015 estimates

Total labor force and unemployment rates derived from CA Employment Dev Dept, as of Nov 2015 (not seasonally adjusted)

Poverty rate figures derived from US Census Bureau, 2009-2013

Average rents derived from Real Facts inventory analysis, based on federal census data

## 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
<b>Total</b>	<b>1,922</b>	<b>834</b>	<b>127</b>	<b>78</b>	<b>51</b>	<b>3,012</b>

### 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
<b>Total</b>	<b>4,267</b>	<b>9,606</b>	<b>4,985</b>	<b>5,100</b>	<b>10,262</b>	<b>34,220</b>

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

## Fact Sheet: Boosting California's Minimum Wage to \$15/Hour

### Scheduled Wage Increases (If No Increases Are Paused)

	<u>26 Employees or More</u>	<u>25 Employees or Less</u>
\$10.50/hour	January 1, 2017	January 1, 2018
\$11/hour	January 1, 2018	January 1, 2019
\$12/hour	January 1, 2019	January 1, 2020
\$13/hour	January 1, 2020	January 1, 2021
\$14/hour	January 1, 2021	January 1, 2022
\$15/hour	January 1, 2022	January 1, 2023

### Off-Ramp Provisions

Governor can choose to pause any scheduled increase for one year if either economy or budget conditions are met. The increase to \$10.50/hour is not subject to off-ramps. Initial determination of Governor by August 1 of each year prior to a January increase. The Governor makes the final determination by September 1.

#### **1. Economy**

Governor has the ability to pause an increase if seasonally adjusted statewide job growth for either the prior 3 or 6 months is negative and retail sales receipts for the prior 12 months is negative.

#### **2. Budget**

Governor has the ability to pause an increase if any year from the current budget year to two additional years is forecasted to be in deficit when including the next scheduled increase. Pursuant to Proposition 2, a multiyear forecast is adopted as part of the annual Budget Act. A deficit is if the operating reserve is projected to be negative by more than 1 percent of annual revenues, currently about \$1.2 billion. The budget off-ramp can only be used twice.

### Indexing

Index annually for inflation (national CPI) beginning the first January 1 after small businesses are at \$15/hour. Floor of 0 percent (no decreases) and a ceiling of 3.5 percent. Off-ramps do not apply once the state gets to \$15/hour.

### IHSS Sick Days

Implementation of one sick day in July 2018. Second day added in the first July following \$13/hour implementation for larger businesses, and third day added following \$15/hour implementation.

### Effect on Workers

There are approximately 7 million hourly workers in California. Almost 2.2 million workers are currently paid minimum wage.

Annual income of full-time work at minimum wage:

2016 at \$10 per hour:	\$20,800
2022 at \$15 per hour:	\$31,200

For comparison, the Federal Poverty Level for 2016 is \$24,300 for a family of 4.



January 26, 2016

**Dear Mayor Cutter, and Honorable Members of the San Leandro City Council,**

Thank you for your leadership on and consideration of raising the minimum wage in the City of San Leandro.

As you may know, the movement to raise the minimum wage to \$15 is growing across the Bay Area and in Alameda County. Cities like Oakland, Emeryville, Berkeley, and other surrounding cities are showing that raising the wage helps not only workers make ends meet, but **helps build stronger communities and economies as those extra dollars re-circulate in our local economy—in our local shops and restaurants.**

We are a coalition of labor, community, and faith organizations committed to ensuring strong minimum wage policies are adopted at the local level. Many of our groups endorsed and drove the passage of minimum wage policies in Oakland by an 82% ballot initiative vote, shepherded the policy that passed in Emeryville with 3 unanimous readings, and support the amendment of the Berkeley policy to increase wages beyond the current flatline of \$12.53/hr. We recommend policy solutions, rooted in what is needed for workers and our local economy, that are based on the best practices from neighboring cities.

We encourage you to consider these key issues as you and the City staff contemplate a city-wide minimum wage policy for San Leandro:

- **Pathway to \$15:** We support the City's consideration, like many cities in the East Bay, of increasing the minimum wage beyond that of the current state minimum wage of \$10/hr. Emeryville and San Francisco have established a \$15/hr minimum wage by 2018. More and more cities are creating a pathway to \$15, which amounts to a little over \$30,000 a year. This creates a pathway out of poverty, although still barely enough to afford the median rent in Alameda County, much less pay for other essential expenses.

We know the importance of raising wages for the lowest earning in our economy-- the food service workers, retail workers, hotel workers, and more. Currently at \$10, many minimum wage workers toil in poverty, juggle multiple jobs, and struggle to keep a roof of their heads and food on the table. We support getting to \$15/hr as quickly as possible, because minimum wage workers can't wait to pay the bills or the rent, and we know increased wages get spent in our local restaurants and stores.

- **CPI indexing:** In particular, we want to support the automatic indexing of the minimum wage to the consumer price index (CPI). Such increases, in recent years no more than 2-3%, are common and a best practice in local minimum wage policies. Increasing the minimum wage annually based on CPI helps ensure that the value of the wage does not erode as much over time. Just as workers see increases in the price of milk and clothing due to inflation, so should the wages of workers see an automatic increase.

Applying an annual indexed increase to the minimum wage for private sector employers is fundamentally different and doesn't present an "unfunded liability" to private employers-- a term used in public employee settings. Often times small labor cost increases due to indexing

can be passed onto consumers with an almost negligible effect on prices, which is fundamentally different in the public sector. UC Berkeley economists estimated in Oakland that if the full cost of the wage increase from \$9 to \$12.25 was passed along to consumers, it would only raise prices 25 cents on a \$10 meal.

Many local minimum wage policies provide businesses with advance notice of annual increases in the minimum wage, with cities posting the new rate, based on the last year's CPI increase, 3 months before it goes into effect. This helps give businesses an opportunity to adjust their wages and finances. Automatic indexing also means workers do not have to come back to council year after year to advocate for more radical increases in the minimum wage.

- **Impact on small, local, and ethnic businesses:** There has been a lot of fear mongering but very little evidence of the negative impact of raising the minimum wage on small, local, and ethnic businesses. Even business leaders in Oakland Chinatown concede that businesses there face multiple pressures, with an existing high turnover rate. Cited by the City of Oakland, a 6 month minimum wage impact survey of over 110 businesses across Oakland neighborhoods found that businesses indicated other challenges like increasing rents more often than the minimum wage. We know that when workers make a few extra dollars an hour, they spend that money at local supermarkets, pizzerias, and other shops.

We look forward to continued discussion of the San Leandro minimum wage at future Finance Committee and full city council meetings, and appreciate your consideration.

Sincerely,

Bella Comello, FAME and San Leandro Resident

East Bay Alliance for a Sustainable Economy

Faith Alliance for a Moral Economy (FAME), a project of EBASE

Fight for \$15/East Bay Organizing Committee

ILWU Local 6

SEIU 2015

SEIU UHW

UFCW/Making Change at Walmart

UNITE HERE 2850

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**

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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.<sup>1</sup> 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

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<sup>1</sup> 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.

**From:** Arlene Lum [<mailto:Lum88@pacbell.net>]  
**Sent:** Wednesday, November 11, 2015 4:03 PM  
**To:** [info@sanleandrochamber.com](mailto:info@sanleandrochamber.com)  
**Subject:** Minimum Wage San Leandro

Dave:

I can provide some insight of what happened to Oakland Chinatown from a business owners perspective since the minimum wage went in on March 2, 2016.

- A number of businesses and restaurants had to close down because they simply could not afford to pay the increased wages. Those business owners that were of retirement age retired; those that were not had to close shop and find jobs working for other people or live off other members of their family.
- The businesses that did stay open had to increase their prices, driving customers to other cities that didn't have to deal with the minimum wages. Some businesses ended up closing up shop anyway because their business model simply could not substantiate the increased rates.
- To lower operating expenses, some businesses shortened their operating hours while others cut employee hours. Employees are having to work at multiple establishments part-time to make up for the money they were making from a single establishment. As a result, employees are not loyal to the employers, and not happy, as evident by the poor service they give to the customers.
- Employers are now having problems hiring and keeping full time employees. Some employees have found that if they work full time, they no longer qualify for welfare and the medical benefits that come along with welfare. They would rather work part-time or get paid under the table.

While minimum wages may appear to help improve the social climate, it is done at the cost small business owners. If minimum wages cause small businesses to close shop and send their employees to the unemployment line, does it really help in the long run? If going on welfare is more attractive than the new minimum wage with OBAMA care, doesn't that tell us that we also need to overhaul the welfare system as well? Since the welfare system is done at the federal level, we should leave minimum wages to the Feds.

*Arlene Lum*

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510-305-2533 (cell)

# Minimum Wage

Notes for 11-17-15 Finance Committee Meeting

*Notes prepared by David Johnson, Chambers CEO*

- City of San Leandro's inclusive approach to managing community issues.
- Wage
  - How much
  - Part-time/fulltime
  - Workweek?
  - Tips – if restaurants not exempted
  - State law exemptions?
  - Tired based on company size?
  - Stepped over time?
  - Annual COL adjustment? Based on?
  - Commissions included/excluded?
- Outreach
  - City-funded professional survey to all those with business licenses outlining the City's intentions.
  - Meetings with mall groups in neighborhoods with very specific options to talk through.
  - Different languages with interpreters.
- Are there exemptions?
  - Companies providing essential services – senior care?
  - Restaurants?
  - Family owned? – Define
  - Companies of less than, let's say, ten employees – must be "local" – define – not chains.
- Administration/Enforcement
  - What department will administer/enforce such an ordinance?
  - What kind and number of staff is necessary/appropriate?
  - Example – house remodeling contractors – new docs to ensure compliance.
  - Assurance of privacy
  - Will the City handle redress issues or require employees/businesses to go to court?