

# CUPERTINO WAGE WATCH



CUPERTINO

Staff Presentation  
September 20, 2016  
Jaqui Guzman, Assistant to the City Manager

# Background

- Last fall: Minimum Wage Advisory Committee convened study economic impact
- April 4<sup>th</sup>: Governor Brown signs new CA Minimum Wage Law
- May 17<sup>th</sup>: Staff presents results of regional economic analysis and employer survey
- June 9<sup>th</sup>: Cities Association recommends increase to \$15 by 2019 followed by model ordinance on July 27th
- June-August: Local employer survey and business outreach

## Outreach Efforts

Per Council direction, staff gathered feedback from business community

### Business Community Outreach

- Local Online Employer Survey
  - Postcards
  - E-blasts
- Article in Cupertino News & Updates
- Presentations at Chamber of Commerce
- Business Outreach Forums
  - Chamber of Commerce
  - Quinlan
  - City Hall

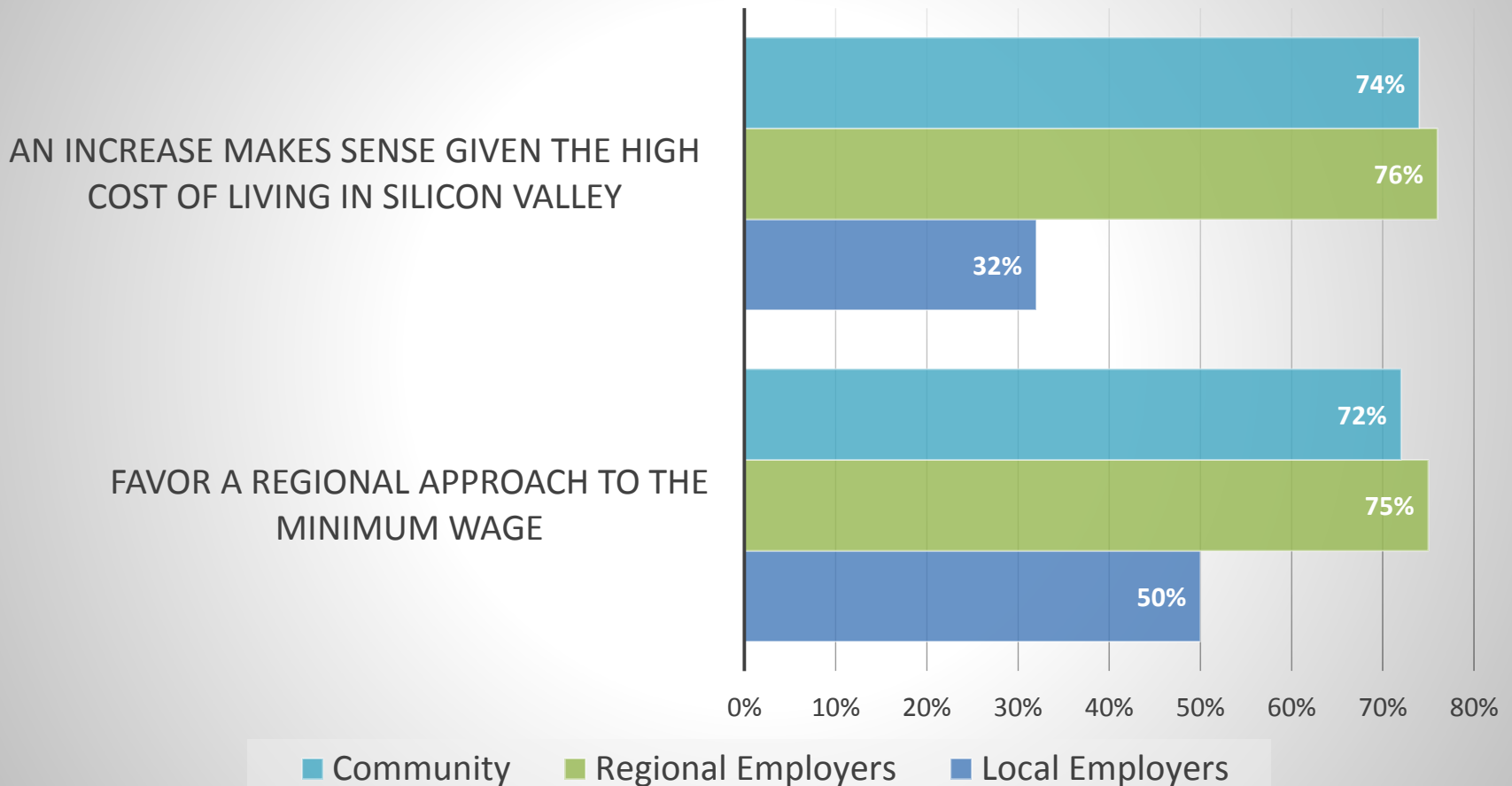
### Community-wide Efforts

- Website:  
[www.cupertino.org/wagewatch](http://www.cupertino.org/wagewatch)
  - All staff reports
  - Economic Analysis
  - Employer Survey
- Cupertino Scene
- Fact Sheet
- Online Community Poll

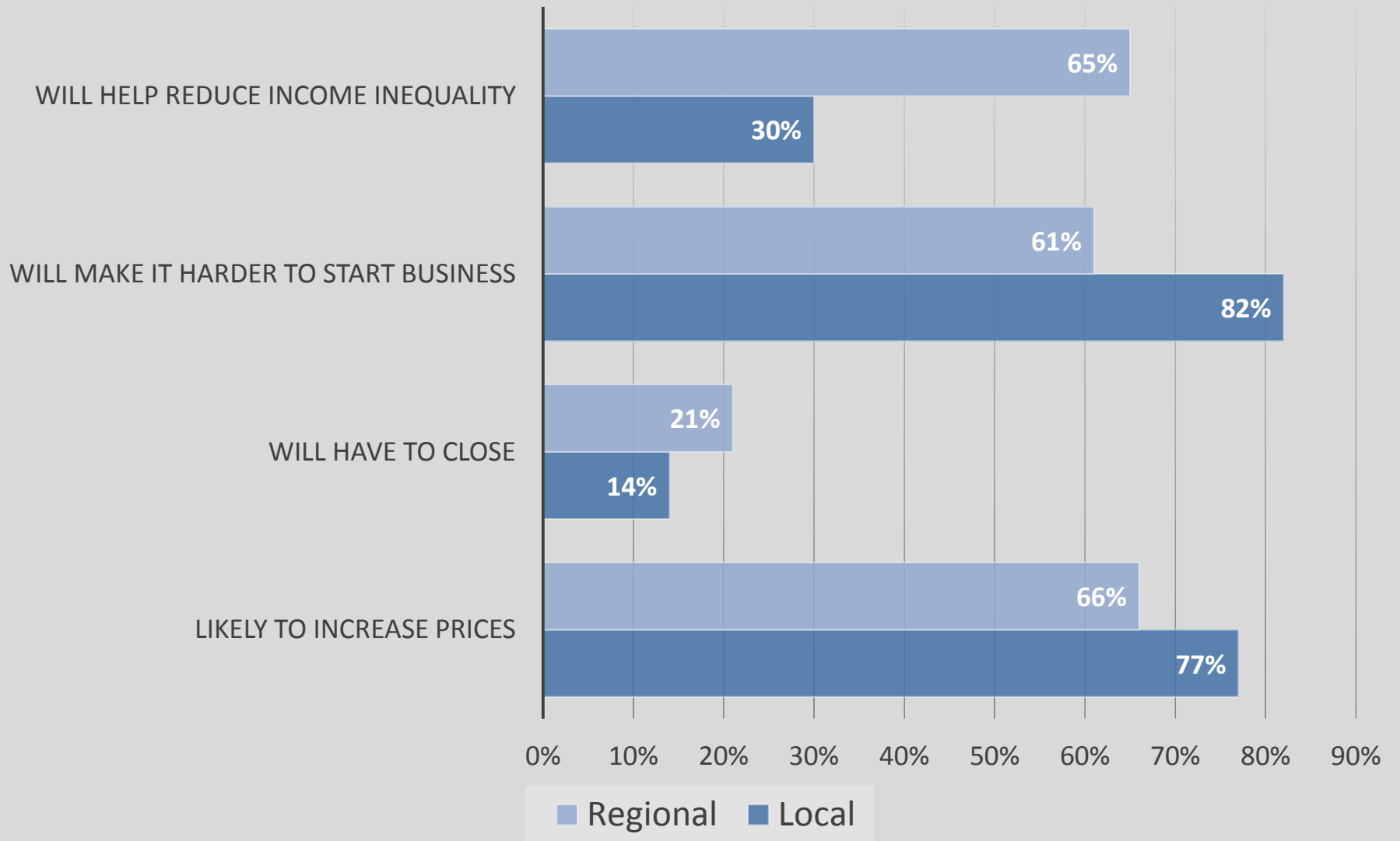
## Responses Across All Surveys

Regional survey and community poll respondents were more likely to agree that an increase makes sense and favor a regional approach compared to local employers

### Survey Response Comparison

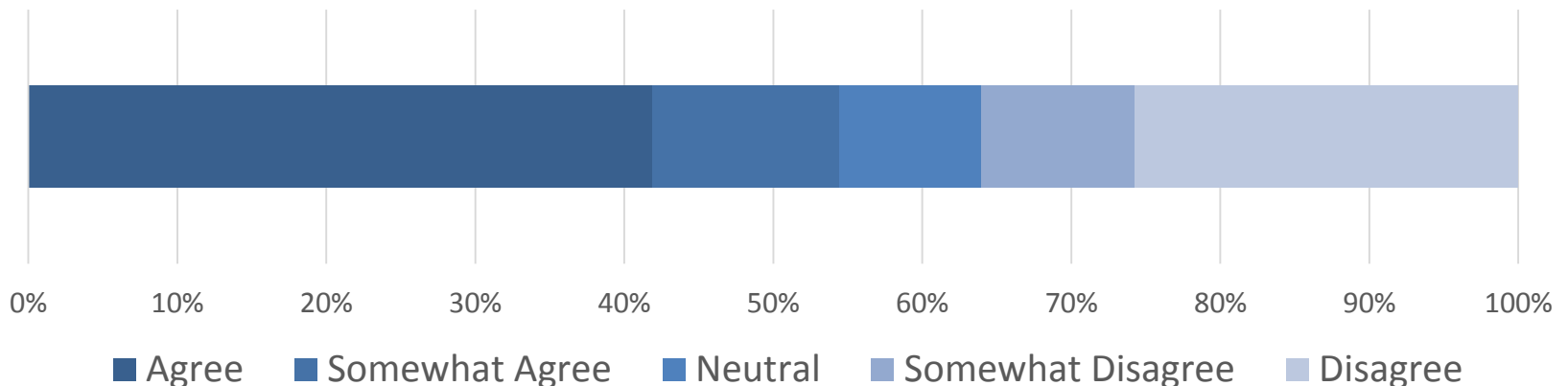


# Regional vs. Local Employer Survey



# Community Tolerance for Price Increases

Majority of community poll respondents would be willing to pay up to 3% more for goods and services to help reduce income inequality.



# Business Outreach Meetings

Suggestions for moving forward with increase:

- Exemption for new and temporary seasonal employees, targeting summer jobs for teens.
- Exclude tipped employees from the ordinance, as many tipped employees may already make substantially more than the minimum wage rate.
- Look into policies to provide small businesses with relief for increasing commercial rents.
- Advocate for state-level regulatory relief

# Tradeoffs of Increasing Minimum Wage

## Benefits

- Average increase in earnings of 19.4% for 250,000 workers
- Largely benefits working families that are near the poverty level
- Nearly zero impact on employment in 10 county region
- Community indicated tolerance for price increase

## Costs

- Some employers would likely close or relocate
- Slightly negative net effect on employment at county level (1,450 jobs)
- Increase average prices in Santa Clara County by 0.2% over three years (3.1% higher for restaurants and retail)



# Proposed Ordinance

- Model ordinance proposed by Cities Association
  - \$15 by 2019, then increased by CPI-W up to 5%
  - Includes ability to postpone increase for negative economic conditions (similar to state)
  - No exemptions

## Cities Association Model Ordinance

Increases minimum wage to \$15 an hour  
by 2019 with no exemptions

### Schedule of proposed minimum wage increases

Calendar Year	Proposed Increase	State schedule	
		Business with more than 25 employees	Businesses with 25 or fewer employees
2017	\$12.00	\$10.50	\$10.00
2018	\$13.50	\$11.00	\$10.50
2019	\$15.00	\$12.00	\$11.00
2020	\$15.35*	\$13.00	\$12.00
2021	\$15.65*	\$14.00	\$13.00
2022	\$16.00*	\$15.00	\$14.00
2023	\$16.40*	\$15.30*	\$15.00

\* The scenario schedule after 2019 is indexed using the average annual increase in the CPI-W Bay Area (Proposed Increase) of 2.2% and U.S. All Cities (State) of 1.7%.

# Exemptions Based on Feedback

- Learners (regardless of age)
  - May be paid not less than 85% of the minimum wage during first 160 hours of employment.
- Tipped employee exemption
  - Must define tipped employee
  - Combined cash and tip minimum wage or max tip credit towards minimum wage
  - Must still comply with State minimum wage law

# Regional Update

<b>Jurisdiction</b>	<b>Current Min. Wage</b>	<b>Response to Regional Approach/Next Steps</b>
Campbell	\$10.00	Council consideration on October 4, 2016
Cupertino	\$10.00	Council consideration on September 20, 2016
Gilroy	\$10.00	Declined to consider
Los Altos	\$10.00	Second reading on September 27, 2016
Los Altos Hills	\$10.00	Council determined that it was not applicable due to the absence of commercial/industrial zones on July 21, 2016
Los Gatos	\$10.00	Mayor scheduling study session
Milpitas	\$10.00	Outreach efforts continuing through October
Monte Sereno	\$10.00	Council to consider in September or October
Morgan Hill	\$10.00	Council considered on August 24 <sup>th</sup> , future reconsideration TBD
Mountain View	\$11.00	Adopted increase to \$15 by 2018
Palo Alto	\$11.00	Council consideration on September 26, 2016
San Jose	\$10.30	Council consideration TBD
Santa Clara	\$11.00	Council consideration TBD
Saratoga	\$10.00	Council consideration in November
Sunnyvale	\$11.00	Adopted increase to \$15 by 2018

# Fiscal Impact to City

- Increase in Personnel Costs
  - Will need salary schedule amendment for PT staff
  - \$265,000 over three years (0.3% increase)
- Contract Costs
  - Crossing Guards: \$75,000 over three years (13.5% increase)
  - Janitorial: \$200,000 over three years (30% increase)
- Enforcement
  - Both Mountain View and Sunnyvale contract with San Jose (Office of Equality Assurance) using a complaint-driven model (\$5,000 annually)

**LEARN MORE AT:**

**[WWW.CUPERTINO.ORG/WAGEWATCH](http://WWW.CUPERTINO.ORG/WAGEWATCH)**



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