



## AGENDA REPORT

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**Date:** July 18, 2017

**To:** City Manager for Council Action

**From:** Management Analyst

**Subject:** Receive Update on Minimum Wage Community Outreach and Pass to Print Amended Minimum Wage Ordinance to reach \$15.00 per hour by 2019

### EXECUTIVE SUMMARY

The City's current minimum wage ordinance was approved in 2015 and was modeled after the cities of San Jose and Sunnyvale, two of the first cities in Santa Clara County to adopt local minimum wage ordinances. Santa Clara's local minimum wage went into effect on January 1, 2016, with an initial hourly wage rate of \$11.00 per hour, and was increased to \$11.10 on January 1, 2017.

At the January 2017 Council Goal-Setting Retreat, there was a consensus to refer further review of the City's ordinance to the Economic Development Committee. On February 16, 2017, the Economic Development Committee recommended re-examination of the City's minimum wage ordinance to be consistent with regional efforts to reach \$15.00 per hour by 2019. On April 4, 2017, Council approved community outreach to stakeholders for an amendment to the City of Santa Clara's minimum wage ordinance and for staff to bring back an amended ordinance on July 11, 2017.

Staff shared the 2017 Minimum Wage Outreach Plan with the Economic Development Committee at its April 27, 2017 meeting. Per Council's direction, staff has implemented and completed community outreach and made significant efforts to obtain feedback from stakeholders. Nearly nine thousand mailers/notices (8,935) of the proposal, schedule of four community meetings and link to the online survey were sent to all businesses within the City of Santa Clara that possess business tax licenses. Input from stakeholders was received through the online survey, four community meetings, and three Chamber of Commerce Connection Clubs (small group networking meetings). Based on the local outreach effort, the City received nearly 300 survey responses, which included response from business owners and managers (12%), employees (5%), residents (81%), and other (2%). Thirty six business owners/managers responded to the survey, which is a low response rate (3%) that is not unusual considering the option to participate or not to participate in the survey. Input from businesses was mainly provided at the outreach meetings and through direct conversations with business owners and managers (for summary see Discussion).

### Proposed Amendment to Minimum Wage Ordinance

Three potential approaches to amending the City's current minimum wage ordinance were shared during outreach as indicated below.

Option 1	Option 2	Option 3
<ul style="list-style-type: none"><li>• \$13.00 by January 1, 2018</li><li>• \$15.00 by January 1, 2019</li></ul>	<ul style="list-style-type: none"><li>• \$12.00 by January 1, 2018</li><li>• \$13.50 by July 1, 2018</li><li>• \$15.00 by January 1, 2019</li></ul>	Align with State's minimum wage law beginning 2019.

Based on feedback provided during community outreach, for ease of implementation and regional consistency, staff recommends an amendment to the City's minimum wage ordinance using Option 1. The proposed amendment is based on the regional model ordinance adopted by neighboring cities and includes the following provisions:

- An increase to \$15.00 per hour by 2019 starting with an increase to \$13.00 on January 1, 2018, and an increase to \$15.00 on January 1, 2019.
- For regional consistency (e.g. Cupertino, Milpitas, San Jose, State of California) add two economic triggers that would provide an option to delay implementation of the minimum wage increases during the ramp-up period if two triggers are met:
  1. Decline in California's seasonally adjusted nonfarm employment for either the three-month period ending in June or the six-month period ending in June, and
  2. Decline in the state portion of the sales and use tax receipts measured by the 12 month period ending in June compared to the prior year.

If both of the above economic conditions are met during the ramp-up to \$15.00, the City Manager would have the option to suspend the increase in the minimum wage for the upcoming year by September 1.

- Change the CPI index used for annual increases from the U.S. All Cities CPI-W to the San Francisco-Oakland-San Jose Consolidated Metropolitan Statistical Area (CMSA) CPI-W to more accurately account for the cost of living adjustments in this area, with a maximum annual increase of five percent.

The pass to print amended ordinance is attached for Council's consideration (see Attachment 1). Should Council approve the recommendation, the anticipated timeline is as follows:

Adoption/Second Reading

*August 22, 2017*

Effective 30 days after Second Reading

*September 22, 2017*

### ADVANTAGES AND DISADVANTAGES OF ISSUE

The advantages of updating the minimum wage ordinance to match neighboring cities include promotion and support of the quality of life in the community, providing an even playing field for local businesses, and ensuring competitive employment for low-income workers. The disadvantages of updating the minimum wage ordinance include the concerns provided by local businesses during community outreach noted in the Discussion.

### ECONOMIC/FISCAL IMPACT

To administer and enforce the current minimum wage ordinance citywide, the City of Santa Clara contracts with the City of San Jose's Office of Equality Assurance for up to \$20,000 per year. The

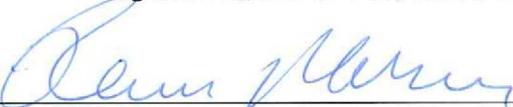
enforcement model is complaint-driven with fees only paid when a complaint is filed, investigated, or resolved. Like other cities that have adopted minimum wage ordinances, the City of Santa Clara does not have the staff expertise or resources to handle enforcement of the ordinance. The cities of Sunnyvale, Mountain View, and other cities have similar contracts with the City of San Jose to handle these services. For FY 2016-17, approximately \$1,800 of fees has been invoiced to the City of Santa Clara for the enforcement of its current minimum wage ordinance. This contract has been renewed for FY 2018-19 and will not change in cost to the City.

To implement the ordinance within the City's organization, 400+ part-time employees are paid between \$11.10 and \$15.00 per hour and would be impacted by the proposed wage increases. Many of these employees are seasonal, work approximately 320 hours per year and occupy such roles as Lifeguard, Recreation Leader, and Crossing Guard. Based on 2016 hourly wage rates, the fiscal impact to the City of Santa Clara could reach over \$800,000 in order to maintain pay differentials between entry-level workers and those having more experience and/or skill levels. Staff will review effects of wage compaction and gaps and will provide an updated salary schedule for future years.

### RECOMMENDATION

That the Council pass to print an amended ordinance establishing the City's local minimum wage to reach \$15.00 per hour by 2019 with the following provisions:

- 1) Increase to \$13.00 on January 1, 2018, and increase to \$15.00 on January 1, 2019;
- 2) Add economic triggers that would provide an option to delay implementation of the minimum wage increases if a severe recession occurs during the ramp-up period;
- 3) Change the CPI index used for annual increases beginning January 1, 2020 to the regional CMSA CPI-W, with a maximum annual increase of five percent.



Raania Mohsen  
Management Analyst

MSL

APPROVED:



Rajeev Batra  
City Manager

#### *Documents Related to this Report:*

- 1) *Ordinance Amending Chapter 3.20 Minimum Wage Ordinance*
- 2) *Cities Association Memo/Recommendation On Minimum Wage*
- 3) *Memo – Summary of Minimum Wage Research Findings for Santa Clara County*
- 4) *Summary Results of City of Santa Clara Online Minimum Wage Survey*
- 5) *Chamber of Commerce Independent Minimum Wage Survey Results*

**DISCUSSION**

The Cities Association of Santa Clara County recommended to all member cities to consider a regional approach and model ordinance increasing the minimum wage to \$15.00 per hour by 2019 (see Attachment 2). This recommendation was based on the results of a countywide study and survey conducted by UC Berkeley’s Institute of Research on Labor (IRLE) and BW Research Partnership (see Attachment 4 for summary of key findings). To date and as indicated in the chart below, California has increased its minimum wage to reach \$15.00 per hour by 2022 and seven of the 15 cities in Santa Clara County (Cupertino, Los Altos, Milpitas, Mountain View, Palo Alto, San Jose and Sunnyvale) have adopted minimum wage increases to reach \$15.00 per hour by 2018 or 2019. The other cities in Santa Clara County (Campbell, Gilroy, Los Gatos, Morgan Hill and Saratoga) either determined to follow the State’s schedule or determined a minimum wage ordinance was not applicable due to absence of commercial zones/industry (Los Altos Hills and Monte Sereno).

**Regional Minimum Wage Trends Compared to City of Santa Clara**

Jurisdiction	Jan 2016	Jan 2017	Jan 2018	Jan 2019	Jan 2020
CA <25 Employees	\$10.00	\$10.00	\$10.50	\$11.00	\$12.00
CA >25 Employees	10.00	10.50	11.00	12.00	13.00
Cupertino, Los Altos, Palo Alto	10.00	12.00	13.50	15.00	15.35*
Milpitas	10.00	10.50 – Jan 11.00 – July	12.00 - Jan 13.50 - July	15.00 - July	15.35* - July
Mountain View, Sunnyvale	11.00	13.00	15.00	15.35	15.75*
San Jose	10.30	10.50 – Jan 12.00 - July	13.50	15.00	15.35*
Santa Clara	11.00	11.10	11.30*	11.50*	11.70*
Santa Clara Proposed	11.00	11.10	13.00	15.00	15.35*

\* Estimated increases based on historical Consumer Price Index (CPI) of San Francisco-Oakland-San Jose regional index of 2.5%; Santa Clara estimates are based on the historical national CPI-W in the U.S. of 1.7% except for the proposed January 2020 minimum wage rate.

Community Outreach

Per Council’s direction on April 4, 2017, staff implemented a 2017 Minimum Wage Community Outreach Plan and made significant efforts to obtain feedback from stakeholders through an online survey, City outreach meetings and Santa Clara Chamber of Commerce meetings.

- Notice of the minimum wage proposal and opportunities for stakeholders to provide input were distributed via mail, E-notify, Facebook, Twitter, Nextdoor, and organizations such as the Santa Clara Chamber of Commerce, Silicon Valley Leadership Group, Silicon Valley Council of Nonprofits, and California Restaurant Association.
- City’s minimum wage web page, [www.santaclaraca.gov/minimumwage](http://www.santaclaraca.gov/minimumwage), was updated to include information on the City’s current minimum wage ordinance, revised FAQ’s, the regional proposal, relevant documents, link to the survey, and schedule of upcoming community engagement meetings.
- Continued use of email, [minimumwage@santaclaraca.gov](mailto:minimumwage@santaclaraca.gov), for individuals to submit questions, comments and/or concerns about the proposed minimum wage increase.
- Direct outreach to businesses, e.g. California’s Great America, Santa Clara University, Santa Clara Convention Center and its partners including Aramark.

Business Stakeholder and Community Input

Approximately 40 business owners/managers participated in the City's outreach and Chamber of Commerce meetings, representing small and large employers. All participants had an opportunity to express opinions on the proposal, the three minimum wage approaches for consideration, and the key findings of the countywide economic analysis. In summary, feedback from businesses included:

- Increasing the minimum wage beyond the state's schedule is inevitable considering the City and region's high cost of living
- Regional consistency is important to maintain competitiveness with neighboring cities
- Large business representatives appreciated the outreach and the time to plan for the potential impact
- Small businesses expressed concerns about the impact on their low profit margins and questioned whether or not they could implement an adjustment in their prices to absorb the proposed increase; some businesses, e.g. with fixed pricing, expressed inability to pass on the increase to consumers
- Small business representatives recommended consideration of the following to allow businesses more time for budget planning and adjustments in business operations:
  - a) Slower phase-in approach, such as a one-year delay for employers with less than 25 employees (like the State);
  - b) Alternate schedule with smaller incremental increases, such as beginning at \$12.00 and reaching \$15.00 by 2020
- When asked about which schedule to implement if an increase in the minimum wage were approved, the majority of businesses preferred the two-step schedule due to ease of implementation: \$13.00 on January 1, 2018; \$15.00 on January 1, 2019
- Suggestion for City to provide incentives to businesses that can help with the absorption of rising operation costs due to a minimum wage increase.
- Concerns about the need to maintain pay differentials between entry-level workers and those having more experience and/or skill levels.

The data collected via the online survey (see Attachment 4) provided substantial input from residents and non-business community members (81% of responders stated they were Santa Clara residents). In summary, of those surveyed:

- 71% agree/somewhat agree that an increase in the minimum wage will help reduce income inequality in the City of Santa Clara
- 71% agree/somewhat agree that a minimum wage increase makes sense for the City of Santa Clara given the high cost of living
- 72% agree/somewhat agree that a minimum wage increase that is consistent throughout Santa Clara County would be better than having different rates in different cities
- 67% support the City of Santa Clara joining the regional effort to reach a minimum wage of \$15 per hour as of 2019

The Santa Clara Chamber of Commerce completed an independent telephone poll using a subset of questions from the online survey. Approximately 200 employers were surveyed and included 116 businesses with 50 employees or less and 89 businesses with over 50 employees. The data (Attachment 5) provided by the Chamber of Commerce included the following survey results:

- Employers varied in feedback on the likely impacts to their businesses if the minimum wage in Santa Clara is incrementally increased to \$15.00 per hour by 2019

- The majority agree a minimum wage increase will make it harder to start and grow a business in the City of Santa Clara
- The majority of employers do not support the City of Santa Clara joining the regional effort to reach \$15.00 per hour by 2019.

Policy Exemptions for Council Consideration

The City of Santa Clara's current minimum wage ordinance does not include exemptions except for a waiver through collective bargaining, similar to all adopted ordinances in the region. Further, the seven cities in Santa Clara County that have adopted minimum wage ordinances also do not include exemptions except for the City of San Jose, which has included a narrow exemption for transitional job programs that provide training to disconnected youth, homeless individuals and other hard-to-employ populations.

Other exemptions that have been considered but not adopted by neighboring cities include small businesses (employers with less than 25 employees), non-profit organizations, tipped employees, and young adults.

Employers with Less than 25 Employees: Through outreach to business employers in the City of Santa Clara, it was suggested to consider an exemption for businesses with less than 25 employees, in which a slower phase-in or one-year delay is provided. The State of California, Los Angeles, Los Angeles County, Long Beach and Santa Monica delay the schedule by one year for businesses with less than 25 employees; however, no city in Santa Clara County has adopted this exemption.

Non-Profit Organizations: Nonprofits tend to rely heavily on fundraising cycles and public funding streams and thus may have constraints on their ability to adjust to minimum wage increases. A number of cities with minimum wage ordinances have provided slower phase-ins for nonprofit organizations, such as Berkeley, Redwood City, and Los Angeles. Silicon Valley Council of Nonprofits recently conducted a survey of its members to assess how local nonprofits might respond to a minimum wage increase. Of those surveyed, 67 percent support a \$15 minimum wage and 22 percent report a significant budgetary impact.

Tipped Employees: Tipped employees who primarily work at restaurants often make more than minimum wage with tips. However, California is one of several states that does not allow employers to use an employee's tips as a credit toward its obligation to pay the minimum wage; all employees must receive minimum wage regardless of receipt of tips.

Young Adults: The research conducted by IRLE indicates that teenagers make up four percent of the workforce that would be affected by a minimum wage increase. The reason to exempt teens from a minimum wage is to prevent disincentives for hiring young, entry-level workers and thus increase teen unemployment. However, an unintended consequence of such an exemption is that employers may choose to hire teenagers (who can afford to work at a lower rate) rather than hiring low-income adult workers.

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## ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF SANTA CLARA,  
CALIFORNIA, AMENDING CHAPTER 3.20 (“MINIMUM WAGE  
ORDINANCE”) OF TITLE 3 (“REVENUE AND FINANCE”) OF  
“THE CODE OF THE CITY OF SANTA CLARA, CALIFORNIA”

**BE IT ORDAINED BY THE CITY OF SANTA CLARA AS FOLLOWS:**

**WHEREAS**, families and workers need to earn a living wage, and public policies which help achieve that goal are beneficial;

**WHEREAS**, payment of a minimum wage advances the interests of the City as a whole, by creating jobs that keep workers and their families out of poverty;

**WHEREAS**, a minimum wage will enable a worker to meet basic needs and avoid economic hardship;

**WHEREAS**, this ordinance is intended to improve the quality of services provided in the City to the public by reducing high turnover, absenteeism, and instability in the workplace;

**WHEREAS**, prompt and efficient enforcement of this Chapter will provide workers with economic security and the assurance that their rights will be respected;

**WHEREAS**, key findings of a regional minimum wage study survey performed by the Institute for Research on Labor and Employment at UC Berkeley and BW Research Partnership showed that increasing the minimum wage to \$15.00 an hour by 2019 in Santa Clara County would:

- Increase earnings for 250,000 workers;
- Raise average annual earnings of affected workers by 19.4 percent;
- Slightly increase average retail prices in Santa Clara County by 0.2 percent over three years;
- Have a net effect on employment that is slightly negative at the county level (1,450 jobs) and close to zero at a 10 county regional level; and,

**WHEREAS**, the Cities Association of Santa Clara County recommends a regional minimum wage increase to \$15.00 by 2019 as an effort to prevent an uneven playing field that can be

damaging to local economies, provide equity to the shared countywide economy, and implement regional consistency across the county.

**NOW THEREFORE, BE IT FURTHER ORDAINED BY THE CITY OF SANTA CLARA AS FOLLOWS:**

**SECTION 1:** That Chapter 3.20 ("Minimum Wage Ordinance") of Title 3 ("Revenue and Finance") of "The Code of the City of Santa Clara, California" ("SCCC") is hereby amended to read as follows:

**"Chapter 3.20**

**MINIMUM WAGE ORDINANCE**

Sections:

- 3.20.010 Title.
- 3.20.020 Authority.
- 3.20.030 Definitions.
- 3.20.040 Minimum wage.
- 3.20.050 Waiver through collective bargaining.
- 3.20.060 Notice, posting and payroll records.
- 3.20.070 Retaliation prohibited.
- 3.20.080 Implementation.
- 3.20.090 Enforcement.
- 3.20.100 Relationship to other requirements.
- 3.20.110 Application of minimum wage to welfare-to-work programs.
- 3.20.120 Fees.
- 3.20.130 Amendment by the City Council.

**3.20.010 Title.**

This chapter shall be known as the minimum wage chapter of the City of Santa Clara.

**3.20.020 Authority.**

This Chapter is adopted pursuant to the powers vested in the City of Santa Clara under the laws and Constitution of the State of California, but not limited to, the police powers vested in the City pursuant to Article XI, Section 7 of the California Constitution and Section 1205(b) of the California Labor Law.

**3.20.030 Definitions.**

The following terms shall have the following meanings:

(a) "City" shall mean City of Santa Clara or any agency designated by the City to administer the terms of this Chapter.

(b) "Employee" shall mean any person who:

(1) In a calendar week performs at least two (2) hours of work for an Employer as defined below.

(2) Qualifies as an employee entitled to payment of a minimum wage from any employer under the California minimum wage law, as provided under Section 1197 of the California Labor Code and wage orders published by the California Industrial Welfare Commission, or is a participant in a Welfare-to-Work Program.

(c) "Employer" shall mean any person, including corporate officers or executives, as defined in Section 18 of the California Labor Code, who directly or indirectly through any other person, including through the services of a temporary employment agency, staffing agency or similar entity, employs or exercises control over the wages, hours or working conditions of any Employee and who is either subject to Chapter 3.40 SCCC or maintains a facility in the City.

(d) "Governmental Agencies" shall include federal agencies, state agencies, school districts and auxiliary organizations as defined under Education Code sections 72670(c) and 89901. Governmental Agency does not include the City of Santa Clara.

(e) "Minimum Wage" shall have the meaning set forth in SCCC 3.20.040.

(f) "Welfare-to-Work Program" shall mean the CalWORKS Program, County Adult Assistance Program (CAAP) which includes the Personal Assisted Employment Services (PAES) Program, and General Assistance Program, and any successor programs that are substantially similar to them.

**3.20.040 Minimum wage.**

(a) Employers shall pay Employees no less than the Minimum Wage set forth in this Section for each hour worked within the geographic boundaries of the City of Santa Clara. Governmental Agencies are exempt from the minimum wage requirements under the principle

of governmental immunity when the work performed is related to the agency's governmental function.

(b) Effective January 1, 2017, the Minimum Wage shall be an hourly rate of \$11.10. Effective January 1, 2018, the Minimum Wage shall be an hourly rate of thirteen dollars (\$13.00). On January 1, 2019, the Minimum Wage shall be an hourly rate of fifteen dollars (\$15.00), except when these scheduled increases are temporarily suspended under subsection (f). To prevent inflation from eroding its value, beginning on January 1, 2020, and each January 1st thereafter, the Minimum Wage shall increase by an amount corresponding to the increase, if any, in the cost of living. The prior year's increase in the cost of living shall be measured by the percentage increase, if any, as of August of the preceding year of 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, with the amount of the Minimum Wage increase rounded to the nearest multiple of five (\$.05) cents. If there is no net increase in the cost of living, the minimum wage shall remain unchanged for that year. Cost of living increases to the Minimum Wage shall not exceed five (5) percent. The adjusted Minimum Wage shall be announced by October 1 of each year, and shall become effective as the new minimum wage on January 1 of the following year.

(c) Commissions or guaranteed gratuities, not including discretionary tips, may be counted toward payment of the Minimum Wage when the commissions or guaranteed gratuities are earned and paid together with other compensation paid to an employee and are equal to or greater than the current Minimum Wage. For each pay period, Employers shall pay the Employee an amount that equals or exceeds the current hourly Minimum Wage.

(d) The Employer may offset a portion of the Minimum Wage for housing and meal costs only if the offsets are the same as those available under the California minimum wage law. The offsets shall only be recognized if there is a prior voluntary agreement between the Employer and the Employee.

(e) A violation for unlawfully failing to pay the Minimum Wage shall be deemed to continue from the date immediately following the date that the wages were due and payable as provided in Part 1 (commencing with Section 200) of Division 2 of the California Labor Code, to the date immediately preceding the date the wages are paid in full.

(f) On or before September 1, 2017, and on or before every September 1 thereafter until the Minimum Wage is fifteen dollars (\$15.00) per hour, to ensure that economic conditions can support a minimum wage increase, the City Manager or his/her designee shall annually make a determination and certify to the City Council whether each condition below is met:

(A) Total nonfarm employment for California, seasonally adjusted, decreased over the three-month period from April to June, inclusive, prior to the September 1 determination. This calculation shall compare seasonally adjusted total nonfarm employment in June to seasonally adjusted total nonfarm employment in March, as reported by the Employment Development Department.

(B) Total nonfarm employment for California, seasonally adjusted, decreased over the six-month period from January to June, inclusive, prior to the September 1 determination. This calculation shall compare seasonally adjusted total nonfarm employment in June to seasonally adjusted total nonfarm employment in December, as reported by the Employment Development Department.

(C) California state retail sales and use tax cash receipts from a 3.9375-percent tax rate for the July 1 to June 30, inclusive, period ending one month prior to the September 1 determination is less than retail sales and use tax cash receipts from a 3.9375-percent tax rate for the July 1 to June 30, inclusive, period ending 14 months prior to the September 1 determination. The calculation for the condition specified in this subparagraph shall be made by the City Manager or designee using data posted online by the State Board of Equalization, following the procedure specified in paragraph (1) of subdivision (c) of Section 1182.12 of the California Labor Code as follows:

(i) The State Board of Equalization shall publish by the 10th of each month on its Internet Web site the total retail sales (sales before adjustments) for the prior month derived from their daily retail sales and use tax reports.

(ii) The State Board of Equalization shall publish by the 10th of each month on its Internet Web site the monthly factor required to convert the prior month's retail sales and use tax total from all tax rates to a retail sales and use tax total from a 3.9375-percent tax rate.

(iii) The Department of Finance shall multiply the monthly total from clause (i) by the monthly factor from clause (ii) for each month.

(iv) The Department of Finance shall sum the monthly totals calculated in clause (iii) to calculate the 12-month July 1 to June 30, inclusive, totals needed for the comparison in this subparagraph.

(g) If, for any year, the condition in either subsection (A) or (B) of SCCC 3.20.040(f) is met, and if the condition in subsection (C) of SCCC 3.20.040(f) is met, the City Council may, on or before October 1 of that year, make a determination to temporarily suspend the minimum wage increase scheduled for the following year.

(h) If the City Council makes a determination to temporarily suspend the scheduled minimum wage increases for the following year, all dates specified in SCCC 3.20.040(b) that are subsequent to the October 1 determination date shall be postponed by an additional year.

**3.20.050 Waiver through collective bargaining.**

To the extent required by federal law, all or any portion of the applicable requirements of this Chapter may be waived in a bona fide collective bargaining agreement, provided that such waiver is explicitly set forth in such agreement in clear and unambiguous terms.

**3.20.060 Notice, posting and payroll records.**

(a) By January 1 of each year, the City shall publish and make available to Employers a bulletin announcing the adjusted Minimum Wage rate for the upcoming year, which

shall take effect on January 1. In conjunction with this bulletin, the City shall by January 1, or as soon as practicable thereafter of each year publish and make available to Employers, in the top three languages spoken in the City based on the latest available census information for the City, a notice suitable for posting by Employers in the workplace informing Employees of the current Minimum Wage rate and of their rights under this Chapter.

(b) Every Employer shall post in a conspicuous place at any workplace or job site where any Employee works the notice published each year by the Office informing Employees of the current Minimum Wage rate and of their rights under this Chapter. Every Employer shall post such notices in the top three languages spoken in the City based on the latest available census information for the City at the workplace or job site. Every Employer shall also provide each Employee at the time of hire with the Employer's name, address, and telephone number in writing.

(c) Employers shall retain payroll records pertaining to Employees for a period of four years, and shall allow the City access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of this Chapter. Where an Employer does not maintain or retain adequate records documenting wages paid or does not allow the City reasonable access to such records, the Employee's account of how much he or she was paid shall be presumed to be accurate, absent clear and convincing evidence otherwise.

**3.20.070 Retaliation prohibited.**

(a) It shall be unlawful for an Employer or any other party to discriminate in any manner or take adverse action against any person in retaliation for exercising rights protected under this Chapter. Rights protected under this Chapter include, but are not limited to: the right to file a complaint or inform any person about any party's alleged noncompliance with this Chapter; and the right to inform any person of his or her potential rights under this Chapter and

to assist him or her in asserting such rights. Protections of this Chapter shall apply to any person who mistakenly, but in good faith, alleges noncompliance with this Chapter.

(b) Taking adverse action against a person within ninety (90) days of the person's exercise of rights protected under this Chapter shall raise a rebuttable presumption of having done so in retaliation for the exercise of such rights.

**3.20.080 Implementation.**

(a) Guidelines. The City shall be authorized to coordinate implementation and enforcement of this Chapter and may promulgate appropriate guidelines or rules for such purposes. Any guidelines or rules promulgated by the City shall have the force and effect of law and may be relied on by Employers, Employees and other parties to determine their rights and responsibilities under this Chapter. Any guidelines or rules may establish procedures for ensuring fair, efficient and cost-effective implementation of this Chapter, including supplementary procedures for helping to inform Employees of their rights under this Chapter, for monitoring Employer compliance with this Chapter, and for providing administrative hearings to determine whether an Employer or other person has violated the requirements of this Chapter.

(b) Reporting Violations. An Employee or any other person may report to the City in writing any suspected violation of this Chapter. The City shall encourage reporting pursuant to this subsection by keeping confidential, to the maximum extent permitted by applicable laws, the name and other identifying information of the Employee or person reporting the violation. Provided, however, that with the authorization of such person, the City may disclose his or her name and identifying information as necessary to enforce this Chapter or other employee protection laws. In order to further encourage reporting by Employees, if the City notifies an Employer that the City is investigating a complaint, the City shall require the Employer to post or otherwise notify its Employees that the City is conducting an investigation, using a form provided by the City.

(c) Investigation. The City shall be responsible for investigating any possible violations of this Chapter by an Employer or other person. The City shall have the authority to inspect workplaces, interview persons and request the City Attorney to subpoena books, papers, records, or other items relevant to the enforcement of this Chapter.

(d) Informal Resolution. The City shall make every effort to resolve complaints informally, in a timely manner, and shall have a policy that the City shall take no more than one year to resolve any matter, before initiating an enforcement action. The failure of the City to meet these timelines within one year shall not be grounds for closure or dismissal of the complaint.

**3.20.090 Enforcement.**

(a) Where prompt compliance is not forthcoming, the City shall take any appropriate enforcement action to secure compliance. All remedies in the SCCC are considered cumulative and the use of one or more remedies by the City shall not bar the use of any other remedy for the purpose of enforcing these provisions.

(1) The City may issue an administrative citation pursuant to Chapter 1.10 of the SCCC with a fine of not more than fifty dollars (\$50.00) for each day or portion thereof and for each Employee or person as to whom the violation occurred or continued. The Council may modify the fine amount by Resolution.

(2) Alternatively, the City may initiate a proceeding under Chapter 1.05 of the SCCC by issuing a compliance order.

(3) The City may initiate a civil action for injunctive relief and damages and civil penalties in a court of competent jurisdiction.

(b) Any person aggrieved by a violation of this Chapter, any entity a member of which is aggrieved by a violation of this Chapter, or any other person or entity acting on behalf of the public as provided for under applicable state law, may bring a civil action in a court of competent jurisdiction against the Employer or other person violating this Chapter and, upon

prevailing, shall be awarded reasonable attorneys' fees and costs and shall be entitled to such legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, the payment of any back wages unlawfully withheld, the payment of an additional sum as a civil penalty in the amount of fifty dollars (\$50.00) to each Employee or person whose rights under this Chapter were violated for each day that the violation occurred or continued, reinstatement in employment and/or injunctive relief. Provided, however, that any person or entity enforcing this Chapter on behalf of the public as provided for under applicable state law shall, upon prevailing, be entitled only to equitable, injunctive or restitutionary relief to employees, and reasonable attorneys' fees and costs.

(c) This Section shall not be construed to limit an Employee's right to bring legal action for a violation of any other laws concerning wages, hours, or other standards or rights nor shall exhaustion of remedies under this Chapter be a prerequisite to the assertion of any right.

(d) Except where prohibited by state or federal law, City agencies or departments may revoke or suspend any registration certificates, permits or licenses held or requested by the Employer until such time as the violation is remedied.

(e) Relief. The remedies for violation of this Chapter include but are not limited to:

(1) Reinstatement, the payment of back wages unlawfully withheld, and the payment of an additional sum as a civil penalty in the amount of fifty dollars (\$50.00) to each Employee or person whose rights under this Chapter were violated for each day or portion thereof that the violation occurred or continued, and fines imposed pursuant to other provisions of this Code or state law.

(2) Interest on all due and unpaid wages at the rate of interest specified in subdivision (b) of Section 3289 of the California Civil Code, which shall accrue from the date that the wages were due and payable as provided in Part 1 (commencing with Section 200) of Division 2 of the California Labor Code, to the date the wages are paid in full.

(3) Reimbursement of the City's administrative costs of enforcement and reasonable attorney's fees.

**3.20.100 Relationship to other requirements.**

This Chapter provides for payment of a local Minimum Wage and shall not be construed to preempt or otherwise limit or affect the applicability of any other law, regulation, requirement, policy or standard that provides for payment of higher or supplemental wages or benefits, or that extends other protections.

**3.20.110 Application of minimum wage to welfare-to-work programs.**

The Minimum Wage established pursuant to SCCC 3.20.040(b) shall apply to the Welfare-to-Work programs under which persons must perform work in exchange for receipt of benefits. Participants in Welfare-to-Work Programs shall not, during a given benefits period, be required to work more than a number of hours equal to the value of all cash benefits received during that period, divided by the Minimum Wage.

**3.20.120 Fees.**

Nothing herein shall preclude the City Council from imposing a cost recovery fee on all Employers to pay the cost of administering this Chapter.

**3.20.130 Amendment by the City Council.**

This Chapter may be amended by the City Council without a vote of the people as regards the implementation or enforcement thereof, in order to achieve the purposes of this Chapter, but not with regard to lessening the substantive requirements of the Chapter or its scope of coverage."

**SECTION 2: CEQA – Exemption.** The City Council finds, pursuant to Title 14 of the California Code of Regulations, Section 15031(b)(3), that this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a project which has the potential for causing a significant effect on the environment.

**SECTION 3: Savings clause.** The changes provided for in this ordinance shall not affect any offense or act committed or done or any penalty or forfeiture incurred or any right established or accruing before the effective date of this ordinance; nor shall it affect any prosecution, suit or proceeding pending or any judgment rendered prior to the effective date of this ordinance. All fee schedules shall remain in force until superseded by the fee schedules adopted by the City Council.

**SECTION 4: Constitutionality, severability.** If any section, subsection, sentence, clause, phrase, or word of this ordinance is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.

**SECTION 5: Effective date.** This ordinance shall take effect thirty (30) days after its final adoption; however, prior to its final adoption it shall be published in accordance with the requirements of Section 808 and 812 of "The Charter of the City of Santa Clara, California."

**PASSED FOR THE PURPOSE OF PUBLICATION** this \_\_\_\_ day of \_\_\_\_\_, 201\_, by the following vote:

AYES:	COUNCILORS:
NOES:	COUNCILORS:
ABSENT:	COUNCILORS:
ABSTAINED:	COUNCILORS:

ATTEST:

\_\_\_\_\_  
ROD DIRIDON, JR.  
CITY CLERK  
CITY OF SANTA CLARA

Attachments incorporated by reference: None  
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*A Unified Voice for the 15 Cities of  
Santa Clara County, California*

July 27, 2016

Dear Mayors and City Managers,

At the June 2016 Board of Directors Meeting the Cities Association of Santa Clara County recommended adoption of a minimum wage by member cities as outlined below. The collaboration amongst Mayors across the County and the Cities Association Board of Directors is much appreciated and has led to groundbreaking efforts on a regional approach to a minimum wage.

As you know, a regional approach to raising the minimum wage is essential to providing equity when it comes to our shared economy. Different rules for different cities create an uneven playing field that can be damaging to local economies. According to the regional minimum wage study led by the City of San Jose, increasing the minimum wage to \$15 an hour by 2019 in our County would:

- Increase earnings for 250,000 workers;
- Raise average annual earnings of affected workers by 19.4 percent, or \$3,200 (in 2014 dollars);
- Increase average prices in Santa Clara County by 0.2 percent over three years;
- Have a net effect on employment that is slightly negative at the county level (1,450 jobs) and close to zero at a 10 county regional level.

Based on the results of the study, Board Member input, and community input, the Cities Association of Santa Clara County recommends a regional minimum wage increase according to the following:

- Increase minimum wage to \$15 by 2019 in three steps: \$12.00 on 1/1/17, \$13.50 on 1/1/18, \$15.00 on 1/1/19;
- "Off-ramp" triggers during ramp-up phase that would allow for scheduled increases to be delayed under certain economic conditions;
- Index to Bay Area CPI-W after 2019, capped at 5%;
- Round to nearest 5 cents;
- No exemptions.

Though several cities have already increased minimum wage, the proposed increase and schedule would lead cities to land at \$15 one year after Mountain View and Sunnyvale, and three years before the State of California. Ultimately, the goal is to have all or most of our cities at nearly the same wage by 2019 and ahead of the State due to the region's high cost of living.

To ease implementation, a model ordinance has been provided and is available at the following link: <https://docs.google.com/document/d/11-NBB2YrwJhpVT5j4fIH48GwZ57Ly|hm-PUscf0raXY/edit?invlte=CLG4uZgG&ts=576c9fe5&pref=2&pli=1>. The model ordinance may be adjusted and revised based on feedback from participating cities. It is expected that each city and council will need to do the necessary outreach to its businesses and constituents and will ultimately

decide whether or not to increase the minimum wage within its own jurisdiction according to the needs of its community.

As stewards of your communities, we urge you to consider joining your neighboring jurisdictions in providing all workers with a more livable standard of wage in our region and increasing the wealth of low- and middle-income families so they can have better financial security. For more information regarding the results of the study, employer survey, presentations and analyses, please see information at the following link:

<http://www.sanjoseinfo.org/external/content/document/1914/2857034/1/06-20-16-OED.pdf>.

Thank you for your collaboration and invaluable leadership.

Sincerely,



Hon. Jim Griffith, Sunnyvale  
President, Cities Association



Hon. Rod Sinks, Cupertino  
Member, Minimum Wage  
Subcommittee



Hon. Greg Scharff, Palo Alto  
Member, Minimum Wage  
Subcommittee



**City of  
Santa Clara**  
The Center of What's Possible

City Manager's Office  
**Memorandum**

**Date:** July 11, 2017

**To:** City Manager

**From:** Management Analyst

**Subject:** Summary of Minimum Wage Research Findings for Santa Clara County

### **Economic Impact Analysis**

The key findings of UC Berkeley's Institute of Research on Labor (IRLE) economic analysis indicate that an increase to the minimum wage would significantly increase average earnings of low-wage workers and their families, with minor impacts to businesses and consumers. The restaurant industry is anticipated to face the largest impacts. Specifically, the report found that increasing the minimum wage over a three-year period to \$15 by 2019 would have the following effects in Santa Clara County:

- An average pay increase of \$3,200 (19.4% of annual earnings) for 250,000 workers (25.3% of workforce).
- Affected workers provide half of their family's income on average.
- Ninety-six percent of workers who would receive pay increases are over 20 years old; 57% are over 30.
- Payroll costs will increase by an average of 1% across industries, 9.5% for restaurants.
- After accounting for automation improved productivity and reduced turnover, businesses will absorb remaining payroll increases by raising prices. Cumulative price increases in Santa Clara County through 2019 are estimated at 0.2% across all industries and 2.9% for restaurants.
- The net effect of higher productivity, reduced worker turnover and increased prices is a small decline in employment at the local level, estimated to be 1,470 jobs by the end of 2019, corresponding to a net loss of 0.1% of jobs cumulatively. Local job declines are largely offset by job gains in the broader region due to workers spending increased income in surrounding counties where they live.

The economic impact analysis was commissioned by the City of San Jose and conducted between January and March 2016. Thus it did not take into account the state's new minimum wage law passed in April 2016. The new law establishes a higher statewide baseline relative to local increases, so the size of the average wage increase and the effect on local businesses will be smaller than what was reported in the study.

### **Employer Survey**

In addition to the economic impact analysis, a countywide employer's survey was conducted by BW Research Partnership. Five hundred employers representing a range of industries and establishment sizes participated in the survey. By design, the survey focused on industries that are most likely to be impacted by a minimum wage increase and included retail, restaurants, residential care and waste management services. The results of the survey showed the following:

- The majority (66%) of affected employers anticipated increasing prices for customers.
- The majority (66%) believe their employees will be more satisfied and productive with the wage increase.
- The vast majority (76%) of surveyed employers believe a minimum wage increase makes sense given the high cost of living in Silicon Valley
- The majority (65%) in believe a minimum wage increase will reduce income inequality.

Summary of Minimum Wage Research Findings for Santa Clara County

June 26, 2017

Page 2

- The majority (61%) believe that a minimum wage increase will make it harder to start and grow local businesses.
- The vast majority (75%) agree with a regional approach at the county level.

The countywide economic impact analysis report and presentation and the employee survey report and presentation are available for review on the City of Santa Clara's minimum wage website at [www.santaclaraca.gov/minimumwage](http://www.santaclaraca.gov/minimumwage).

# CITY OF SANTA CLARA MINIMUM WAGE ORDINANCE SURVEY

SHOULD THE CITY OF SANTA CLARA UPDATE ITS MINIMUM WAGE ORDINANCE TO MATCH NEIGHBORING CITIES?

All Responses sorted chronologically

As of June 26, 2017, 9:15 AM



**City of  
Santa Clara**  
The Center of What's Possible

As of June 26, 2017, 9:15 AM, this forum had:

Attendees: 389

All Responses: 283

Attendees: 389

This topic started on May 16, 2017, 11:21 AM.

*Open City Hall is not a certified voting system or ballot box. As with any public comment process, participation in Open City Hall is voluntary. The responses in this record are not necessarily representative of the whole population, nor do they reflect the opinions of any government agency or elected officials.*

# CITY OF SANTA CLARA MINIMUM WAGE ORDINANCE SURVEY

SHOULD THE CITY OF SANTA CLARA UPDATE ITS MINIMUM WAGE ORDINANCE TO MATCH NEIGHBORING CITIES?

## Responses

Please select the category that best identifies you:

		% Count
Santa Clara business owner		10.2% 29
Santa Clara business manager		2.1% 6
Santa Clara business employee		4.9% 14
Santa Clara resident		80.9% 229
None of the above		1.8% 5

How many people does your business employ in a typical year (Santa Clara locations only)? Please include seasonal/temporary workers.

		% Count
0-5		40.0% 14
6-15		20.0% 7
16-30		14.3% 5
31-50		11.4% 4
51-100		5.7% 2
100+		8.6% 3

What percentage of your employees work for minimum wage (\$11.10 as of January 1, 2017)?

		% Count
None		48.6% 17
Very few (1-10%)		14.3% 5
Some (11-40%)		8.6% 3
About half (41-59%)		8.6% 3

**CITY OF SANTA CLARA MINIMUM WAGE ORDINANCE SURVEY**  
 SHOULD THE CITY OF SANTA CLARA UPDATE ITS MINIMUM WAGE ORDINANCE TO MATCH NEIGHBORING CITIES?

		% Count
Most (60-89%)		11.4% 4
Almost all/All (90-100%)		8.6% 3

**If the minimum wage in Santa Clara is incrementally increased to \$15.00 per hour by 2019, how likely is it for your business to:**

**Reduce employee hours**

		% Count
very likely		45.7% 16
somewhat likely		20.0% 7
not likely		31.4% 11
unsure		2.9% 1

**Eliminate positions**

		% Count
very likely		57.1% 20
somewhat likely		14.3% 5
not likely		22.9% 8
unsure		5.7% 2

**Increase prices to customers**

		% Count
very likely		71.4% 25
not likely		20.0% 7
unsure		5.7% 2

**Invest in technologies that reduce labor costs**

## CITY OF SANTA CLARA MINIMUM WAGE ORDINANCE SURVEY

SHOULD THE CITY OF SANTA CLARA UPDATE ITS MINIMUM WAGE ORDINANCE TO MATCH NEIGHBORING CITIES?

		% Count
very likely		34.3% 12
somewhat likely		2.9% 1
not likely		40.0% 14
unsure		17.1% 6

### Close or move to another community that has a lower minimum wage

		% Count
very likely		28.6% 10
somewhat likely		11.4% 4
not likely		45.7% 16
unsure		14.3% 5

### To what extent do you agree or disagree with the following statements?

#### An increase in the minimum wage will help reduce income inequality in the City of Santa Clara

		% Count
disagree		26.2% 74
somewhat disagree		8.5% 24
somewhat agree		18.4% 52
agree		45.4% 128

#### A minimum wage increase will make it harder to start and grow a business in the City of Santa Clara

		% Count
disagree		23.0% 65
somewhat disagree		29.4% 83
somewhat agree		14.2% 40

# CITY OF SANTA CLARA MINIMUM WAGE ORDINANCE SURVEY

SHOULD THE CITY OF SANTA CLARA UPDATE ITS MINIMUM WAGE ORDINANCE TO MATCH NEIGHBORING CITIES?

		%	Count
agree		32.3%	91

**A minimum wage increase makes sense for the City of Santa Clara given the high cost of living**

		%	Count
disagree		23.0%	65
somewhat disagree		4.6%	13
somewhat agree		11.3%	32
agree		60.3%	170

**A minimum wage increase that is consistent throughout the county would be better than having different rates in different cities.**

		%	Count
disagree		18.4%	52
somewhat disagree		8.2%	23
somewhat agree		16.0%	45
agree		56.4%	159

**In your opinion, would an increase in minimum wage result in any of the following? (Check all that apply)**

		%	Count
Higher qualified applicants		30.1%	85
Increased productivity		35.8%	101
Increased morale		59.9%	169
Reduced turnover		56.7%	160
None of the above		26.6%	75

## CITY OF SANTA CLARA MINIMUM WAGE ORDINANCE SURVEY

SHOULD THE CITY OF SANTA CLARA UPDATE ITS MINIMUM WAGE ORDINANCE TO MATCH NEIGHBORING CITIES?

		%	Count
Unsure		5.3%	15
Other		13.8%	39

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**Do you support the City of Santa Clara joining the regional effort to reach a minimum wage of \$15.00 per hour as of January 1, 2019?**

		%	Count
Yes		67.3%	189
No		32.7%	92

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**Of the three options above, which one do you recommend?**

		%	Count
a		33.6%	91
b		33.6%	91
c		32.8%	89

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**If you are interested in sharing more in depth feedback on minimum wage, please provide your comments below.**

Answered 89  
 Skipped 194

15 all area business businesses clara cost  
 employees get high higher hour hr increase jobs just less live  
 living make minimum more need out pay people raising s  
 santa small so t they up wage wages which work workers year

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### Under 50 Employees

<b>Total</b>		<b>116</b>			
If the minimum wage in Santa Clara is incrementally increased to \$15.00 per hour by 2019, how likely is it for your business to:					
		Very Likely	Somewhat Likely	Not Likely	Unsure
a. Reduce employee hours		51	23	39	3
b. Eliminate positions		28	26	62	
c. Increase Prices to Customers		66	42	8	
d. Invest in technologies that reduce labor cost		52	12	52	
e. Close and move to another community that has a lower minimum wage		12	24	76	4
To what extent do you agree or disagree with the following statements?					
		Agree	Somewhat Agree	Somewhat Disagree	Disagree
A minimum wage increase will make it harder to start and grow a business in the City of Santa Clara		81	2	30	3
Do you support Santa Clara joining the regional minimum wage effort to reach a minimum wage of \$15.00 per hour as of January 1, 2019?					
		Yes	No		
		53	63		

### Over 50 Employees

<b>Total</b>		<b>89</b>			
If the minimum wage in Santa Clara is incrementally increased to \$15.00 per hour by 2019, how likely is it for your business to:					
	Very Likely	Somewhat Likely	Not Likely	Unsure	
a. Reduce employee hours	22		1		
b. Eliminate positions	1		25		
c. Increase Prices to Customers	1		17		
d. Invest in technologies that reduce labor cost			18		
e. Close and move to another community that has a lower minimum wage			20		
To what extent do you agree or disagree with the following statements?					
	Agree	Somewhat Agree	Somewhat Disagree	Disagree	
A minimum wage increase will make it harder to start and grow a business in the City of Santa Clara	71	5	10	3	
Do you support Santa Clara joining the regional minimum wage effort to reach a minimum wage of \$15.00 per hour as of January 1, 2019?					
	Yes	No			
	17	72			