



Minimum Wage Ordinance

CITY COUNCIL | OCTOBER 1, 2019

Raissa de la Rosa, Economic Development Manager
Planning & Economic Development Department

BACKGROUND

Senate Bill 3

Effective January 1	25 Employees or Less	26 Employees or More
2017	\$10.00/hour	\$10.50/hour
2018	\$10.50/hour	\$11.00/hour
2019	\$11.00/hour	\$12.00/hour
2020	\$12.00/hour	\$13.00/hour
2021	\$13.00/hour	\$14.00/hour
2022	\$14.00/hour	\$15.00/hour
2023	\$15.00/hour	

At \$15 threshold minimum wage to increase annually based on US CPI up to 3.5%

North Bay Jobs With Justice Proposal

	25 Employees or Less	26 Employees or More
Jan. 1, 2020	\$14.00/hour	\$15.00/hour
Oct. 1, 2021	\$15.00/hour	*

**At \$15 threshold minimum wage to increase annually based on Bay Area CPI*



BACKGROUND

UC BERKELEY
**LABOR
CENTER**

*Analysis on effect of
\$15 min wage in
Sonoma, Marin, Napa,
Solano*

AFFECTED WORKERS

- North Bay: 36% of workforce
- Santa Rosa: about 13% of that workforce (est. 25,000 employees)

HOW MUCH

- Average 15.8% increase in earnings

WHO

- 36% of North Bay workforce; Santa Rosa has about 13% of the North Bay workforce
- 94% age 20 or older
45% are between ages 30-54
- 50% have some college experience
15% hold a bachelor's degree or higher
- Most affected workers by industry:
Retail – 17% | Food Services – 13% | Health Services – 8%

BUSINESS

- Restaurant costs increased by 2.1%; prices increased by 1%
- Minimal cost & price increases in retail and overall economy



BACKGROUND

COUNCIL STUDY SESSION | JULY 16, 2019

Direction Given / Clarity Requested :

- Move an expedited \$15 minimum wage ordinance forward
- Use the Bay Area CPI-W
- Seek consistency with SB 3 and other North Bay minimum wage ordinances as much as possible
- Engage business community
- Provide information on:
 - Enforcement process
 - Data linked to measuring effectiveness of ordinance



ENGAGEMENT

**Santa Rosa Metro Chamber & Advocacy Council | Hispanic Chamber of Commerce
Los Cien | Downtown Action Organization | Sonoma County Alliance | Roseland
Area Businesses | Restaurant Industry Reps | Individual Community Members**



STATE-LOCAL CONSISTENCIES

EXEMPTIONS

Trainees/Learners

Up to 160 hours @ 85% of minimum wage

Disabled Workers

Employer required to have a special state license

Apprentices

May be eligible under the State Division of Apprenticeship Standards

Other Exceptions

e.g. parents, spouse or child of employer

OTHER CONSISTENCIES

Tip Credits

No reduced rate for tipped employees

Student Workers & Non-Trainee Learners

No exception; standard minimum wage rates apply

Minimum Hours Worked in City

2 hours/week or more in city regardless of where employer may be based



NORTH BAY ORDINANCES

Implementation Date	State Law		City of Santa Rosa (proposed)		City of Petaluma		City of Sonoma		City of Novato (proposed)		
	Large Business	Small Business	Large Business (26+ employees)	Small Business (<25 employees)	Large Business (26+ employees)	Small Business (<25 employees)	Large Business (26+ employees)	Small Business (<25 employees)	Very Large Business (100+ employees)	Large Business (26-99 employees)	Small Business (1-25 employees)
January 1, 2019	\$12.00	\$11.00	\$12.00	\$11.00	\$12.00	\$11.00	\$12.00	\$11.00	\$12.00	\$12.00	\$11.00
January 1, 2020	\$13.00	\$12.00	----	----	\$15.00	\$14.00	\$13.50	\$12.50	\$13.00	\$13.00	\$12.00
July 1, 2020	----	----	\$15.00	\$14.00	----	----	----	----	\$15.00	\$14.00	\$13.00
January 1, 2021	\$14.00	\$13.00	\$15.00 + CPI	\$15.00 + CPI	\$15.00 + CPI	\$15.00 + CPI	\$15.00	\$14.00	CPI	\$15.00	\$14.00
January 1, 2022	\$15.00	\$14.00	CPI	CPI	CPI	CPI	\$16.00	\$15.00	CPI	CPI	\$15.00
January 1, 2023	CPI	\$15.00	CPI	CPI	CPI	CPI	\$17.00	\$16.00	CPI	CPI	CPI
January 1, 2024			CPI	CPI	CPI	CPI	TBD	TBD			
CPI Adjustment	US CPI-W (no more than 3.5%)	US CPI-W (no more than 3.5%)	San Francisco-Oakland-Hayward CPI-W (no more than 3.5%)	San Francisco-Oakland-Hayward CPI-W (no more than 3.5%)	San Francisco-Oakland-Hayward CPI-W	San Francisco-Oakland-Hayward CPI-W	TBD	TBD	San Francisco-Oakland-Hayward CPI-W (no more than 3.5%)	San Francisco-Oakland-Hayward CPI-W (no more than 3.5%)	San Francisco-Oakland-Hayward CPI-W (no more than 3.5%)



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July 1, 2020	----	----	\$15.00	\$14.00
January 1, 2021	\$14.00	\$13.00	\$15.00 + CPI	\$15.00 + CPI
January 1, 2022	\$15.00	\$14.00	CPI	CPI
January 1, 2023	CPI	\$15.00	CPI	CPI
January 1, 2024			CPI	CPI

**IMPLEMENTATION
START DATE
JULY 1, 2020**



CONSUMER PRICE INDICES

Average Annual CPI Comparisons:

US CPI-W

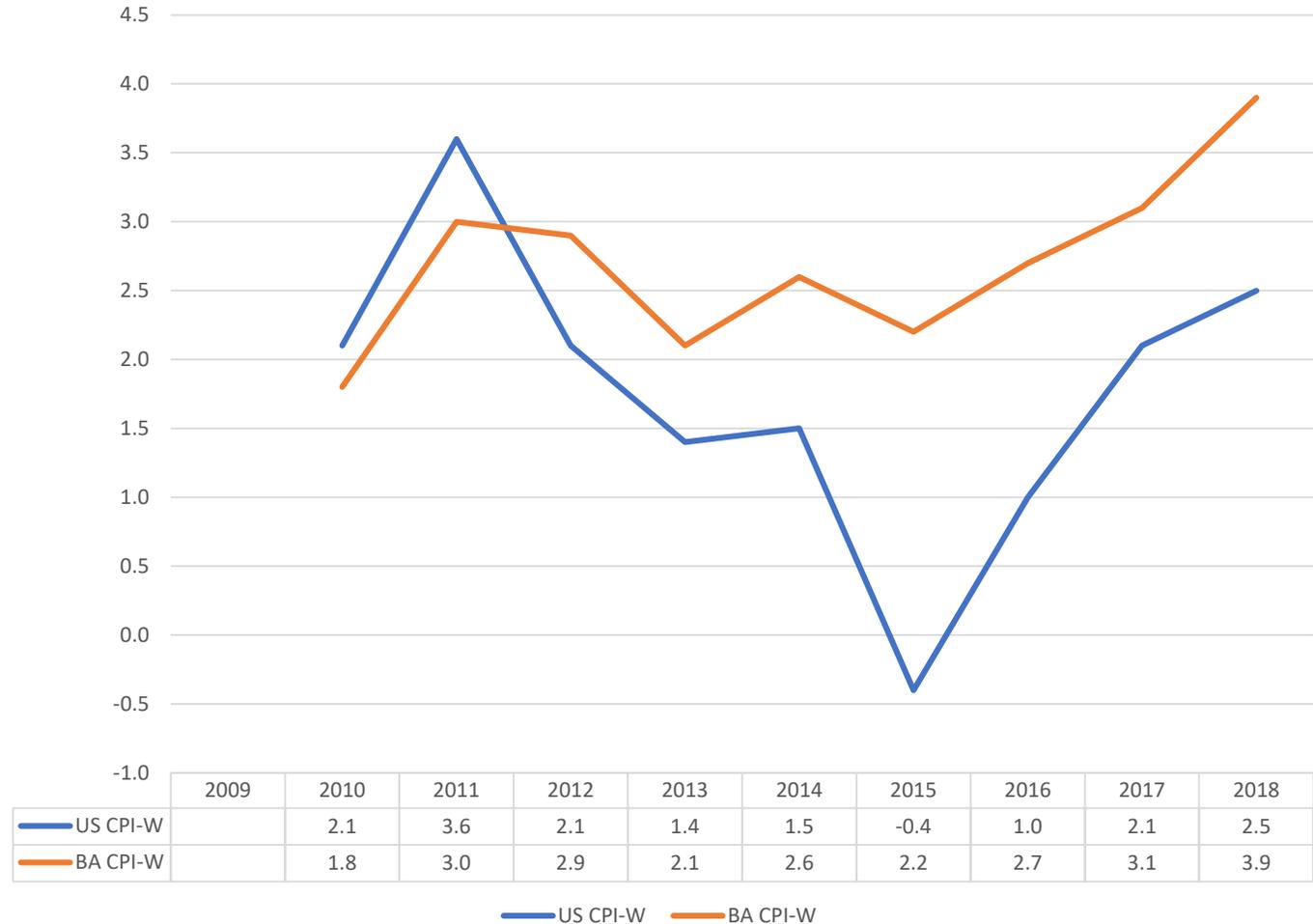
vs.

Bay Area CPI-W

- Average US CPI-W
% Change: 1.8%
- Average Bay Area CPI-W
% Change: 2.7%

S R Ordinance:

- Bay Area CPI-W
- 3.5% Cap



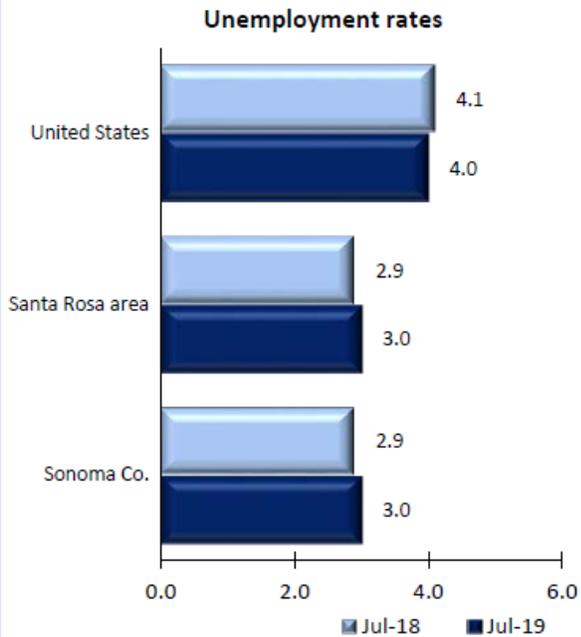
ENFORCEMENT



METRICS & TRACKING



Unemployment rates for the Santa Rosa area, selected area counties, and the nation



Source: U.S. BLS, Local Area Unemployment Statistics.

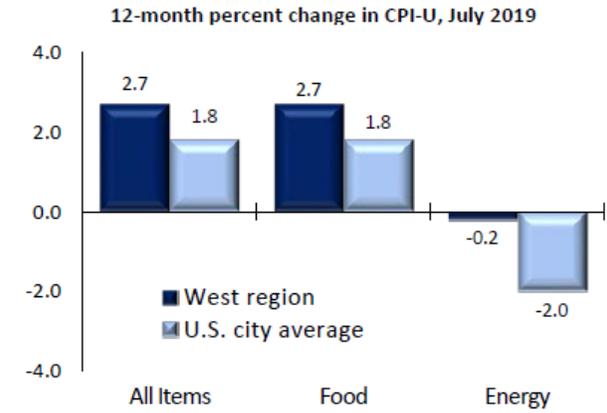
Average weekly wages for all industries by county

Santa Rosa area, 4th quarter 2018
(U.S. = \$1,144; Area = \$1,122)



Source: U.S. BLS, Quarterly Census of Employment and Wages.

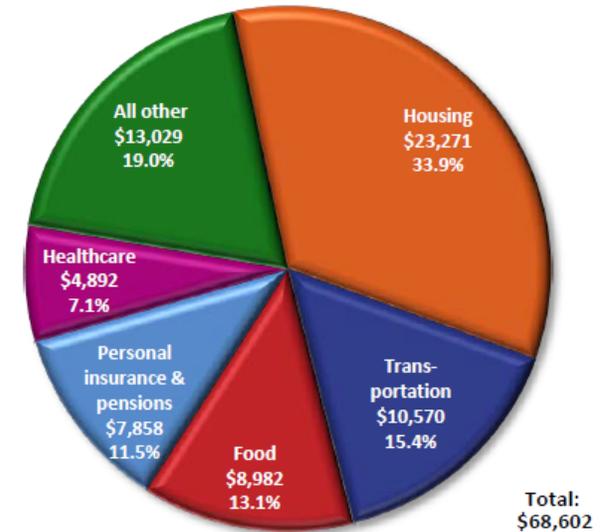
Over-the-year change in the prices paid by urban consumers for selected categories



Source: U.S. BLS, Consumer Price Index.

Average annual spending and percent distribution for selected categories

West Region average annual expenditures 2017



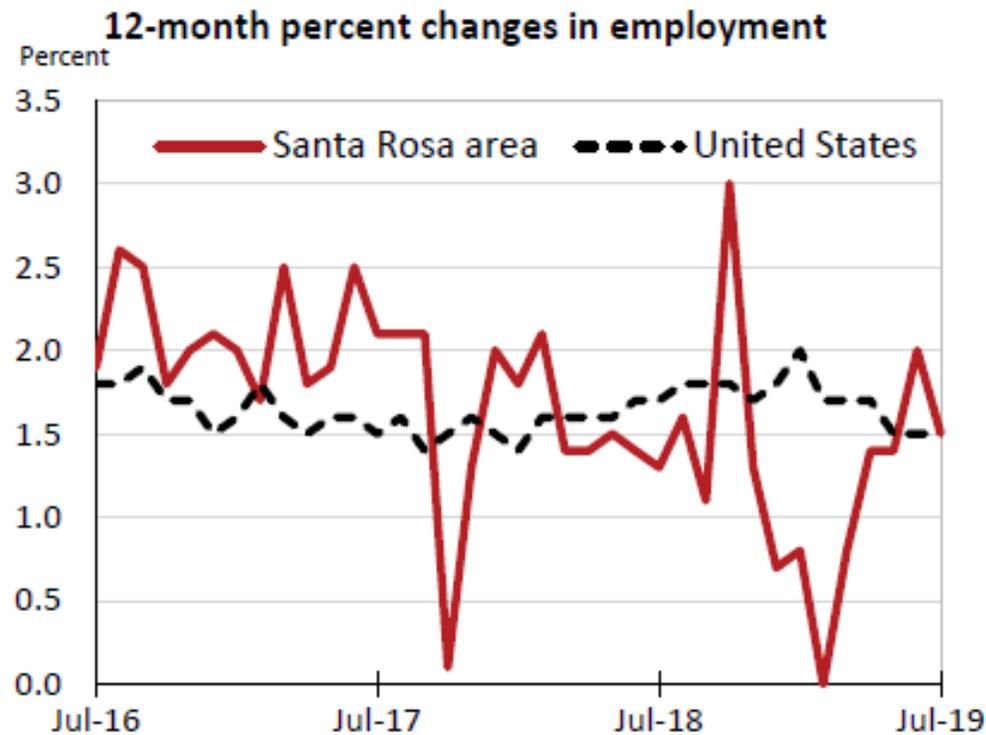
Source: U.S. BLS, Consumer Expenditure Survey.



METRICS & TRACKING



Over-the-year changes in employment on nonfarm payrolls and employment by major industry sector



Source: U.S. BLS, Current Employment Statistics.

Santa Rosa area employment (numbers in thousands)	Jul. 2019	Change from Jul. 2018 to Jul. 2019	
		Number	Percent
Total nonfarm	210.7	3.2	1.5
Mining and logging	0.2	0.0	0.0
Construction	16.7	1.1	7.1
Manufacturing	24.0	0.5	2.1
Trade, transportation, and utilities	36.9	0.4	1.1
Information	2.7	0.0	0.0
Financial activities	8.9	-0.1	-1.1
Professional and business services	23.2	0.1	0.4
Education and health services	36.4	1.9	5.5
Leisure and hospitality	27.1	0.8	3.0
Other services	7.3	-0.3	-3.9
Government	27.3	-1.2	-4.2

Source: U.S. BLS, Current Employment Statistics.



METRICS & TRACKING

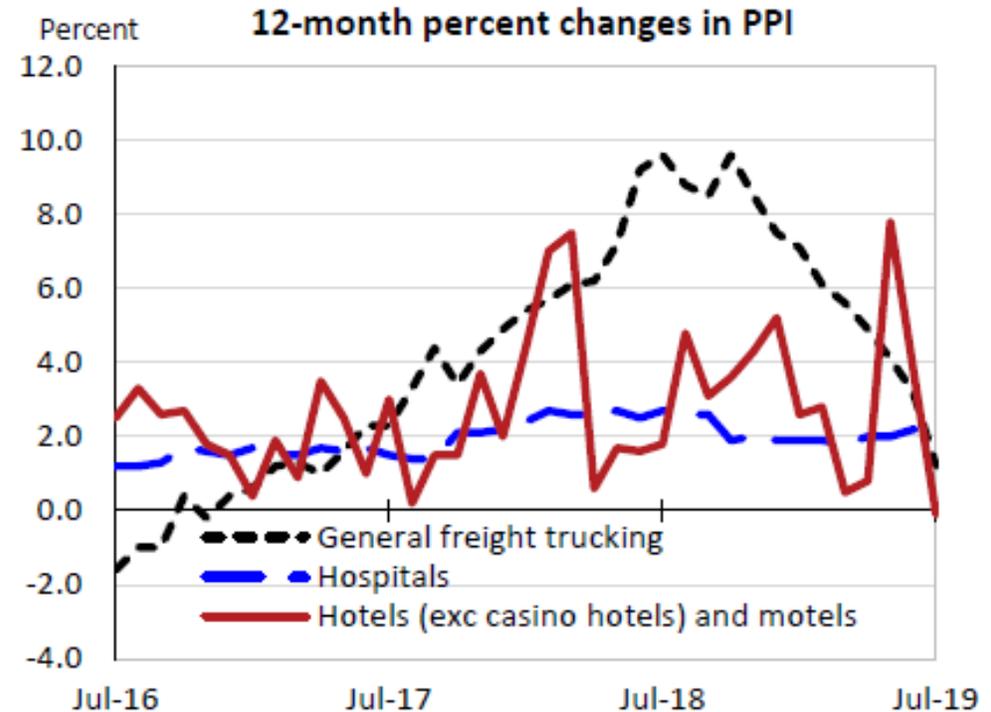


Average hourly wages for selected occupations

Occupation	Santa Rosa area	United States
Total, all occupations	\$26.58	\$24.98
Pharmacists	70.15	59.45
Financial managers	68.05	70.59
Environmental engineers	49.79	44.54
Registered nurses	47.76	36.30
Accountants and auditors	39.15	37.89
Carpenters	34.67	24.58
Massage therapists	28.76	22.06
Chefs and head cooks	26.96	25.08
Construction laborers	22.55	19.40
Retail salespersons	15.84	13.61
Agricultural equipment operators	15.56	15.68
Cooks, fast food	13.18	10.89

Source: U.S. BLS, Occupational Employment Statistics, May 2018.

Over-the-year changes in the selling prices received by producers for selected industries nationwide



Source: U.S. BLS, Producer Price Index.



METRICS & TRACKING



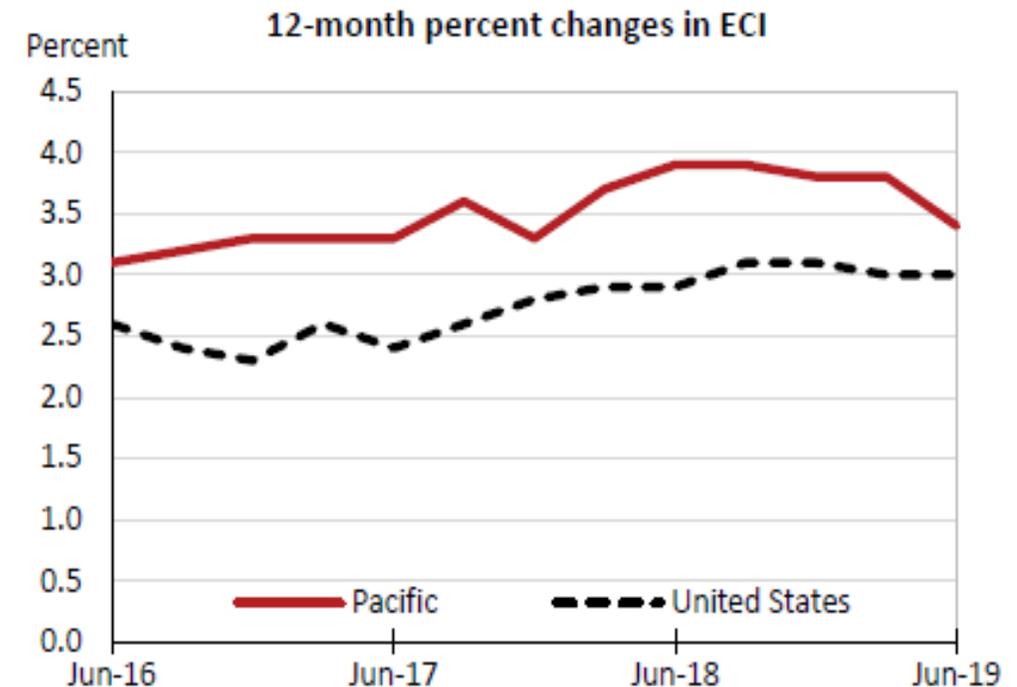
Employer costs per hour worked for wages and selected employee benefits by geographic division

Private industry, March 2019	Pacific (1)	United States
Total compensation	\$41.27	\$34.49
Wages and salaries	29.01	24.17
Total benefits	12.27	10.33
Paid leave	3.03	2.48
Vacation	1.56	1.28
Supplemental pay	1.09	1.10
Insurance	3.27	2.75
Retirement and savings	1.64	1.33
Legally required benefits	3.25	2.66

(1) Pacific includes AK, CA, HI, OR, and WA.

Source: U.S. BLS, Employer Costs for Employee Compensation.

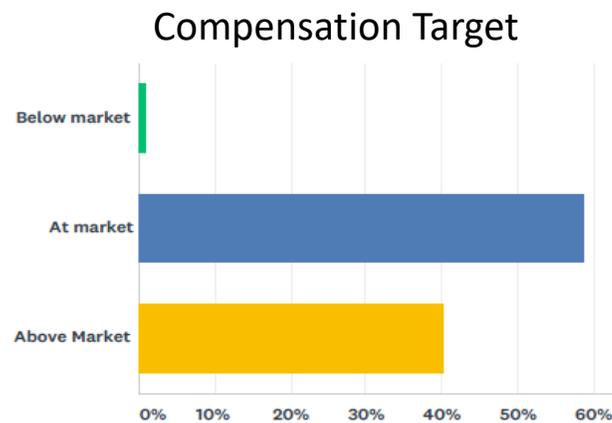
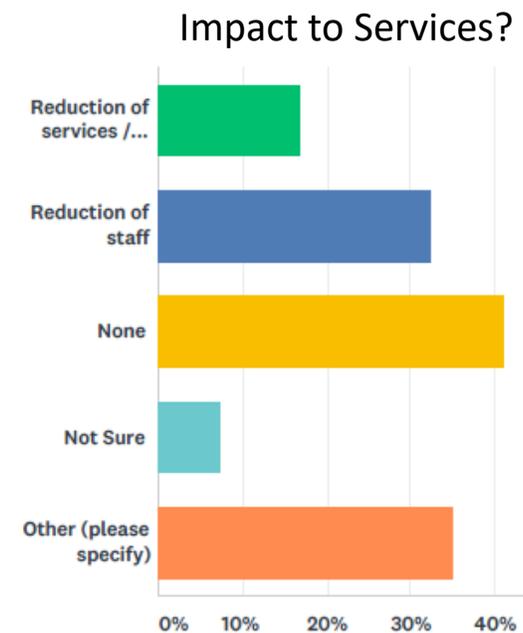
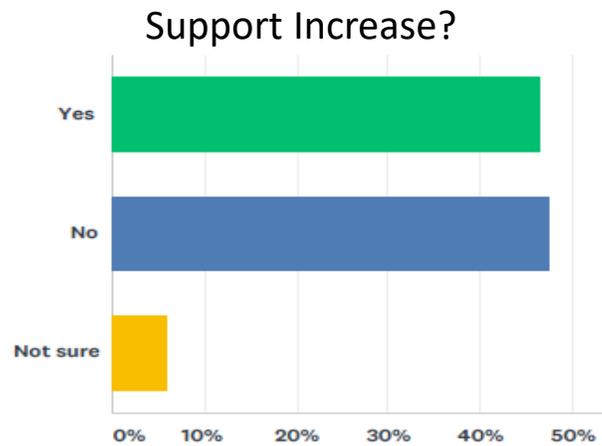
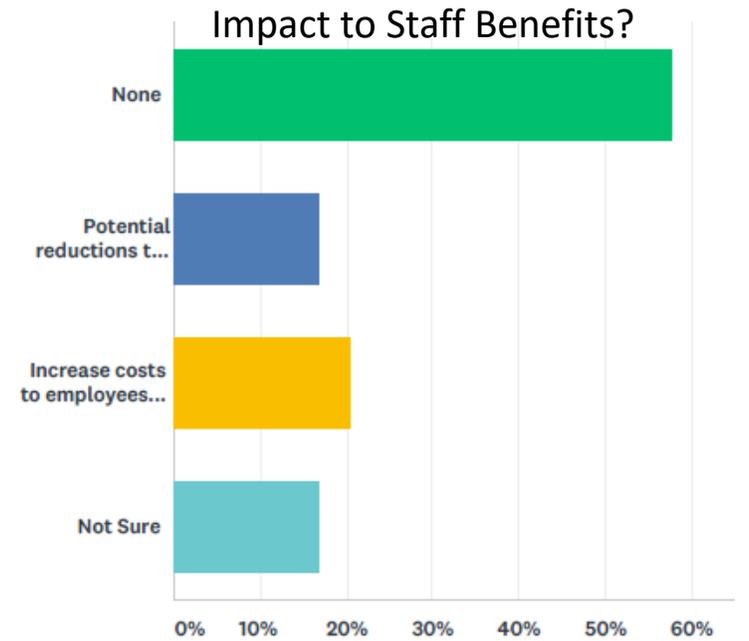
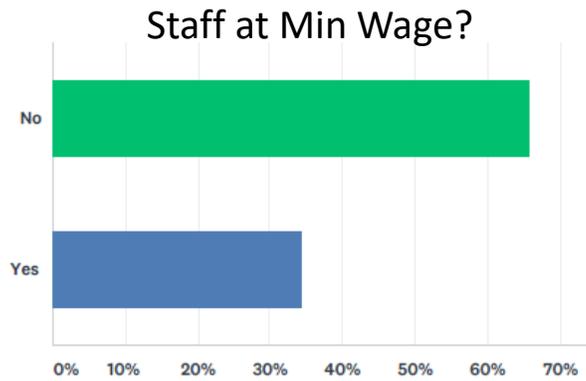
Over-the-year changes in wages and salaries



Source: U.S. BLS, Employment Cost Index.



SURVEY & ENGAGEMENT RESULTS



FISCAL IMPACT TO CITY

SEASONAL EMPLOYEE COSTS - 2022 SEASONAL SCALE

SECTION	FY 19-20		2019/2020		2020/2021	
	BUDGET	HOURS	>\$12.75/HR	INCREASE	2022 SCALE	INCREASE
ADMINISTRATION	\$ 40,493	1,022	\$ 40,493	\$ -	\$ 51,146	\$ 10,652
AQUATICS	554,408	36,431	554,408	-	642,470	88,062
COMMUNITY CENTERS	288,096	18,156	288,096	-	334,582	46,487
NEIGHBORHOOD SERVICES	178,033	11,830	178,275	242	206,894	28,618
PARKS MAINTENANCE	110,692	7,424	110,692	-	138,365	27,673
REGIONAL/HOWARTH	219,313	14,623	219,313	-	254,088	34,774
CAMPS	260,105	18,691	263,598	3,493	316,577	52,979
SPORTS	101,444	6,213	101,444	-	117,379	15,935
SUB-TOTAL GENERAL FUND	1,752,585	114,389	1,756,321	3,735	2,061,500	305,179
MEASURE O	282,161	18,831	282,329	168	324,397	42,068
TOTAL ALL FUNDS	\$ 2,034,746	133,219	\$ 2,038,650	\$ 3,903	\$ 2,385,897	\$ 347,247



RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council introduce an ordinance adding Chapter 10-45 et seq. to the Santa Rosa City Code to establish minimum wages to be paid by employers.

