

Acceleration of Statewide Minimum Wage in the City of Hayward



Agenda

- 1** Background
 - State Minimum Wage
 - Comparison of other Cities

- 2** Policy Alternatives
 - Dollar Amount
 - Phasing
 - Exemptions and Exceptions

- 3** Community Engagement and Outreach

State Minimum Wage

State of California Minimum Wage		
Effective Date	Employers w/ 25 Employees or Less	Employers w /26 Employees or More
January 1, 2019	\$11.00	\$12.00
January 1, 2020	\$12.00	\$13.00
January 1, 2021	\$13.00	\$14.00
January 1, 2022	\$14.00	\$15.00
January 1, 2023	\$15.00	\$15.00
January 1, 2024	\$15.00 + CPI	\$15.00 + CPI

Local Minimum Wage Laws

- As of January 1, 2019, 43 local agencies across the country have enacted a local minimum wage ordinance higher than state law.
- 23 cities in the Bay Area adopted ordinances to increase minimum wage faster than the State
- 6 of the 14 cities in Alameda County have adopted a Local Minimum Wage.

Alameda County Cities with Local Minimum Wage

#	Locality	New minimum wage	Date of increase	New minimum wage	Date of increase	New minimum wage	Date of increase	New minimum wage	Date of increase	New minimum wage	Date of increase
1	Alameda, CA	\$13.50	7/1/2019	\$15.00	7/1/2020						
2	Berkeley, CA	\$12.53	10/1/2016	\$13.75	10/1/2017	\$15.00	10/1/2018				
3	Emeryville, CA large businesses (56 or more)	\$14.44	7/1/2015	\$14.82	7/1/2016	\$15.20	7/1/2017	\$15.60	7/1/2018	\$16.30	7/1/2019
	Emeryville, CA small businesses (55 or fewer)	\$12.25	7/1/2015	\$13.00	7/1/2016	\$14.00	7/1/2017	\$15.00	7/1/2018	Same rate as large businesses	7/1/2019
4	Fremont, CA large businesses (26 or more)	\$13.50	7/1/2019	\$15.00	7/1/2020						
	Fremont, CA small businesses (25 or fewer)	\$13.50	7/1/2020	\$15.00	7/1/2021	same as large businesses	7/1/2022				
5	Oakland, CA	\$12.25	3/1/2015	\$12.55	1/1/2016	\$12.86	1/1/2017	\$13.23	1/1/2018	\$13.80	1/1/2019
6	San Leandro, CA	\$12.00	7/1/2017	\$13.00	7/1/2018	\$14.00	7/1/2019	\$15.00	7/1/2020		

Alameda County Cities Currently Following State Law

#	Locality	Current minimum wage	Date of increase	New minimum wage	Date of increase	New minimum wage	Date of increase	New minimum wage	Date of increase	New minimum wage
1	Hayward, CA	\$11.00/ \$12.00	1/1/2020	\$12.00/ \$13.00	1/1/2021	\$13.00/ \$14.00	1/1/2022	\$14.00/ \$15.00	1/1/2023	\$15.00
2	Pleasanton, CA	\$11.00/ \$12.00	1/1/2020	\$12.00/ \$13.00	1/1/2021	\$13.00/ \$14.00	1/1/2022	\$14.00/ \$15.00	1/1/2023	\$15.00
3	Dublin, CA	\$11.00/ \$12.00	1/1/2020	\$12.00/ \$13.00	1/1/2021	\$13.00/ \$14.00	1/1/2022	\$14.00/ \$15.00	1/1/2023	\$15.00
4	Livermore, CA	\$11.00/ \$12.00	1/1/2020	\$12.00/ \$13.00	1/1/2021	\$13.00/ \$14.00	1/1/2022	\$14.00/ \$15.00	1/1/2023	\$15.00
5	Union City, CA	\$11.00/ \$12.00	1/1/2020	\$12.00/ \$13.00	1/1/2021	\$13.00/ \$14.00	1/1/2022	\$14.00/ \$15.00	1/1/2023	\$15.00
6	Newark, CA	\$11.00/ \$12.00	1/1/2020	\$12.00/ \$13.00	1/1/2021	\$13.00/ \$14.00	1/1/2022	\$14.00/ \$15.00	1/1/2023	\$15.00
7	Albany, CA	\$11.00/ \$12.00	1/1/2020	\$12.00/ \$13.00	1/1/2021	\$13.00/ \$14.00	1/1/2022	\$14.00/ \$15.00	1/1/2023	\$15.00
8	Piedmont, CA	\$11.00/ \$12.00	1/1/2020	\$12.00/ \$13.00	1/1/2021	\$13.00/ \$14.00	1/1/2022	\$14.00/ \$15.00	1/1/2023	\$15.00

Policy Alternatives

25 or Less Employees

Effective Date	Current State of California Regulations	Alternative 1	Alternative 2
January 1, 2019	\$11.00	\$11.00	\$11.00
January 1, 2020	\$12.00	\$12.00	\$12.00
July 1, 2020		\$13.00	
January 1, 2021	\$13.00	\$14.00	\$14.00
January 1, 2022	\$14.00	\$15.00	\$15.00
January 1, 2023	\$15.00	\$15.00	\$15.00

Policy Alternatives

26 or More Employees

Effective Date	Current State of California Regulations	Alternative 1	Alternative 2
January 1, 2019	\$12.00	\$12.00	\$12.00
January 1, 2020	\$13.00	\$13.00	\$13.00
July 1, 2020		\$14.00	
January 1, 2021	\$14.00	\$15.00	\$15.00
January 1, 2022	\$15.00	\$15.00	\$15.00
January 1, 2023	\$15.00	\$15.00	\$15.00

Alternative One

Effective Date	Current State of California Regulations		Alternative 1 25 or Less	Alternative 1 26 or more
	25 or less	25 or more		
January 1, 2019	\$11.00	\$12.00	\$11.00	\$12.00
January 1, 2020	\$12.00	\$13.00	\$12.00	\$13.00
July 1, 2020			\$13.00	\$14.00
January 1, 2021	\$13.00	\$14.00	\$14.00	\$15.00
January 1, 2022	\$14.00	\$15.00	\$15.00	\$15.00
January 1, 2023	\$15.00	\$15.00	\$15.00	\$15.00

Pros:

- Allows for adequate time to notify and educate businesses on the pending increase.
- Allows businesses time to adjust pricing and financial systems to accommodate the change from State requirements.
- Provides an increase to employees at a quicker pace than State law.

Cons:

- Requires a mid-year notification and change for businesses, which is off schedule from State law and may cause confusion

Alternative Two

Effective Date	Current State of California Regulations		Alternative 2 25 or Less	Alternative 2 26 or more
	25 or less	25 or more		
January 1, 2019	\$11.00	\$12.00	\$11.00	\$12.00
January 1, 2020	\$12.00	\$13.00	\$12.00	\$13.00
January 1, 2021	\$13.00	\$14.00	\$14.00	\$15.00
January 1, 2022	\$14.00	\$15.00	\$15.00	\$15.00
January 1, 2023	\$15.00	\$15.00	\$15.00	\$15.00

Pros:

- Allows for adequate time to notify and educate businesses on the pending increase.
- Allows businesses time to adjust pricing and financial systems to accommodate the change from State requirements.

Cons:

- While employees would make more than state law, increase would be slower than Alternative 1

Exceptions and Exemptions

- Other jurisdictions that have adopted wage increases have created different exceptions and exemptions such as:
 - Different types of industries
 - Business sizes
 - Youth workers/Training Wage
 - Collective bargaining agreements, health benefits, or education benefits
- Tipped Employees – Per state law, an employer may not use an employee's tips as a credit toward its obligation to pay the minimum wage.
- Staff recommends only including the exception of businesses with 25 or fewer employees to have one additional year to reach the \$15.00 per hour rate than those businesses with 26 or more businesses.
- Further exemptions beyond this will require additional education, monitoring and enforcement which increase the City's fiscal impact.

Monitoring and Enforcement

- Generally enforcement is handled on a complaint basis, in which employees who are not being paid the correct wage must file a grievance complaint.
- Once a complaint is received, an investigation proceeds and corrective action is taken.
- Enforcement can either be handled by City staff or contracted to an outside agency; fiscal impacts would require additional research depending on Council direction.
- Anticipated staff time and costs associated with enforcement will fluctuate depending on:
 - Education time prior to ordinance going into effect
 - Number of complaints received from employees
 - Number of years that the local minimum wage is different from State law

Community Engagement

- In order to have a successful implementation of a local minimum wage, extensive community engagement is encouraged both prior to ordinance adoption and after adoption leading up to implementation.
- With direction from the City Council, staff will begin the community engagement process to meet with business leaders for feedback on the proposed ordinance.
 - Community-wide meeting
 - Two business focused meetings
 - Meetings with Hayward Chamber of Commerce, DHIA, United Merchants, Hayward Business Association
 - Meetings with HARD and Hayward Unified School District
 - Postcards to all those with a business license
 - Dedicated webpage and email
 - Social media posts

Questions for Consideration

- Should the City increase its minimum wage on a faster timeframe than the State?
- When should the increase begin?
- Should the City include any exemptions or exceptions?
- Should enforcement be handled in house by City Staff or through a contract with an outside agency/consultant?
- Is the proposed Community Engagement Plan adequate? Any stakeholders missing from list?