

City of Half Moon Bay Local Minimum Wage

December 17, 2019
City Council Meeting



City of Half Moon Bay City Council

Federal, State, and Local Minimum Wages

- City Council Priority for FY 2019-20
- Federal Minimum Wage - \$7.25 since 2009
- In 2016, SB3 passed which will raise California's minimum wage to \$15/hour by 1/1/2022 for employers with 26 employees or more and 1/1/2023 for employers with 25 employees or less. Annual CPI Increases start on 1/1/2024.

Effective Date	State of California		San Mateo	Belmont	Redwood City	Daly City	South San Francisco	Menlo Park
	25 ≥	26 ≤						
1/1/2018	\$10.50	\$11.00	\$13.50	\$12.50	State	State	State	State
1/1/2019	\$11.00	\$12.00	\$15.00	\$13.50	\$13.50	State	State	State
1/1/2020	\$12.00	\$13.00	\$15.38 (\$15.00 + CPI)	\$15.00	\$15.38 (\$15.00 + CPI)	\$13.75	\$15.00	\$15.00
1/1/2021	\$13.00	\$14.00	CPI	\$15.00 + 2019 CPI + 2020CPI	CPI	\$15.00	CPI	CPI
1/1/2022	\$14.00	\$15.00	CPI	CPI	CPI	CPI	CPI	CPI
1/1/2023	\$15.00	\$15.00	CPI	CPI	CPI	CPI	CPI	CPI

Minimum Wage Studies

- Referenced reports from the Congressional Budget Office, Center on Wage and Employment Dynamics, the National Bureau of Economic Research, and the London School of Economics, among others.
- None of the studies showed statistically significant findings of businesses going out of business solely because of the increase in minimum wage costs.
- Collectively, these studies agreed that research on minimum wage impacts for employees and employers is outpacing policymaking, but that current data showed positive or neutral effects for employees receiving minimum wage increases.

Outreach

Outreach methods included:

- Direct Outreach
- One-on-One meetings
- Roundtable Business Meetings
- Business Stakeholder Meetings
- Postcard sent to every business registered in the City (Approximately 550 businesses)

Stakeholder Meetings

City staff met or spoke with the following key business stakeholder groups:

- Half Moon Bay Coastside Chamber of Commerce
- Half Moon Bay Hotel Business Improvement District
- Downtown Business Association
- San Mateo County Central Labor Council
- San Mateo County Convention and Visitors Bureau
- California Restaurant Association
- San Mateo County Farm Bureau

Organized Labor

- Representatives of the San Mateo County Central Labor Council expressed overwhelming support for a \$15.00 per hour minimum wage and expressed that they have supported every minimum wage increase that has occurred in San Mateo County.

Business Feedback

- Some businesses already paying \$15+
- Restaurants and Hotels expressed the greatest concern over a significant increase/tipped workers
- Concerned businesses asked for delayed implementation and/or smaller incremental increases
- Hard to compare other cities with Half Moon Bay

Main Business Concerns

- Significant increases might cause reduced employee hours, staffing cuts, or even business closures
- There is significant payroll administration in increasing wages
- Wage increases also leads to increases in operating costs re: Social Security, Medicare, and Workers Compensation
- Wage compaction would cause increases in operating costs across the board

Tipped vs. Non-Tipped Employees

- Consistent with an opinion from the State of California Office of Legislative Counsel, cities cannot allow for a different minimum wage for tipped employees vs. non-tipped employees
- All employees would be subject to the same local minimum wage requirement regardless of tips or gratuities received

Exceptions for Federal, State, and County Agencies

- Local minimum wage ordinances cannot impose a minimum wage on Federal, State, or County agencies, including school districts.
- Each has their own jurisdiction and is not subject to our oversight when it relates to their government function.
- They can subject themselves to the City's ordinance, if they choose, but they are voluntarily consenting to the City's regulations in that case.

Proposed Alternatives

Alternative A	Take no action - State will reach \$15/hour by 1/1/2022
Alternative B	\$15/hour starting on 7/1/2020. Annual CPI increases begin on 1/1/2021
Alternative C	\$15/hour starting on 1/1/2021. Annual CPI increases begin on 1/1/2022
Alternative D	\$14/hour starting on 7/1/2020. Then \$15 per hour on 1/1/2021. Annual CPI increases begin on 1/1/2022.

Recommendation / Next Steps

- Staff seeks direction from council on how to proceed with one of the proposed alternatives, or with any other feedback the council may have.

QUESTIONS?

Program Manager: Victor Gaitan
650-750-2010 vgaitan@hmbcity.com

