

City of Half Moon Bay Local Minimum Wage

January 21, 2020
City Council Meeting



Background

- 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.

Minimum Wage Studies

- As part of research, staff reviewed half a dozen contemporary minimum wage studies.
- 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)

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

December 17, 2019 Council Meeting

- City Council received an update on the research, outreach, and business feedback staff had conducted
- Council directed staff to draft an ordinance establishing a local minimum wage of \$15 per hour that would take effect July 1, 2020

Additional Business Feedback and Concerns

- January 7, 2020 Letter from Rocket Farms
- January 10, 2020 Letter from the Half Moon Bay Coastsid Chamber of Commerce
- Information from the Agricultural Excellence Institute

Farmworker Exemption

- Based on feedback from the previously mentioned letters, City staff researched the possibility of an exemption for farmworkers
- Most minimum wage ordinances have been adopted in predominantly urban areas
- Half Moon Bay would be the first City to have such an exemption
- Such an exemption has the potential to raise legal and policy issues

Recommendation / Next Steps

- Conduct a public hearing, waive the first reading, and introduce an ordinance adding Chapter 3.300 “Minimum Wage” to the Half Moon Bay Municipal Code, establishing a minimum wage of \$15 per hour for all employers effective July 1, 2020.

Public Hearing



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Council Discussion



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QUESTIONS?

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