



STAFF REPORT

AGENDA NO: 10c

MEETING DATE: September 21, 2020

To: Honorable Mayor and City Council

Date: September 21, 2020

From: Lisa K. Goldman, City Manager – (650) 558-7243
Kathleen Kane, City Attorney – (650) 558-7204

Subject: Adoption of an Ordinance Adding Chapter 6.10, "Minimum Wage" to Title 6, "Business Licenses and Regulations," of the Burlingame Municipal Code

RECOMMENDATION

By motion, the City Council should adopt the following ordinance:

An Ordinance of the City of Burlingame Adding Chapter 6.10, "Minimum Wage" to Title 6, "Business Licenses and Regulations," of the Burlingame Municipal Code

To do so, the Council should:

1. By motion, adopt the proposed ordinance.
2. Direct the City Clerk to publish a summary of the ordinance within 15 days of adoption.

BACKGROUND

The minimum wage in California has increased each year since 2017. On January 1, 2022, the California minimum wage will reach \$15/hour for all employers with 26 or more employees. It will reach \$15/hour for employers with 25 or fewer employees on January 1, 2023. After the state minimum wage reaches \$15 an hour for all employees, the rate will be adjusted annually (beginning January 1, 2024) for inflation based on the national consumer price index for urban wage earners and clerical workers (CPI-W). However, the minimum wage cannot be lowered, even if there is a negative CPI, and the highest raise allowed in any one year is 3.5%.

DISCUSSION

On February 3, 2020, the City Council held a study session to discuss its interest in considering a local minimum wage ordinance. On September 8, 2020, the City Council conducted a duly noticed public hearing and discussed the proposed ordinance establishing a local minimum wage in Burlingame of \$15/hour effective January 1, 2021. The staff report from that meeting is attached. No changes to the proposed ordinance were requested. Therefore, the ordinance is presented to the City Council for adoption at its regular meeting of September 21, 2020.

FISCAL IMPACT

The cost of contracting with the City of San Jose's Office of Equality Assurance for enforcement of the local minimum wage ordinance is approximately \$13,500 per year.

The impact on City wages due to the local minimum wage ordinance is relatively limited. The State minimum wage for employers with 26 or more employees (including the City of Burlingame) is currently \$14.00/hour and will rise to \$15.00/hour on January 1, 2022. That means that the City will only be paying \$1.00/hour more than the existing State minimum wage for calendar year 2021. In 2022, the difference between the City's minimum wage and the State's minimum wage will be the CPI increase.

In terms of staffing, no full-time permanent City employees are making less than \$15.00/hour. There are seven part-time, casual employee classifications that will be affected—six in Parks and Recreation, and one in Police.

In the Parks and Recreation Department, the Recreation Leader I position makes less than \$15.00/hour. This position is staffed with high school students and is used primarily to assist with summer camps and preschool. If this position is raised to \$15.00/hour, then the pay ranges for the five other positions in this series, Recreation Leader II, Senior Recreation Leader, Recreation Specialist, Preschool Teacher, and Preschool Site Coordinator, will all have to be raised. Based on pre-COVID staffing levels, the financial impact could be approximately \$70,000 in the first year. This amount equates to an estimated 13-15% increase in programming fees for programs that are led by part-time staff should the City decide to pass along all of the costs to the program users. Given the uncertainty around programming for next summer due to the pandemic, it is unclear how much of an impact there will actually be on the budget for these positions.

There is one classification in the Police Department, Police Services Aide, which is paid less than \$15.00/hour. This is an intern position—generally staffed by people who are interested in eventually becoming Police Officers. The increase to the Police Department's budget would be approximately \$1,400 in the first year.

An earlier staff report about the local minimum wage estimated an impact of approximately \$8,000 in the Public Works Department to account for summer crew employees. That number was in error as the wage for the summer crew position has already been raised to \$15.00/hour.

Exhibit:

- Proposed Ordinance
- September 8, 2020 Staff Report