



CITY OF PALO ALTO OFFICE OF THE CITY CLERK

October 17, 2016

The Honorable City Council
Palo Alto, California

SECOND READING: Adoption of an Ordinance Amending the City's Minimum Wage Ordinance to Align With the Santa Clara Cities Association Recommendation to Increase the Minimum Wage to \$15 per Hour in Three Steps: \$12 on 1/1/2017; \$13.50 on 1/1/2018, \$15.00 on 1/1/2019, and a CPI Increase After 2019 Indexed to the Bay Area CPI With a 5 Percent Cap and no Exemption (FIRST READING: Sept. 26, 2016 PASSED: 9-0)

This ordinance was first heard by the City Council on September 26, 2016, with no changes to the ordinance. It was approved 9-0.

ATTACHMENTS:

- Attachment A: 0131546 ORD Amendment to Citywide Minimum Wage (PDF)

Department Head: Beth Minor, City Clerk

NOT YET APPROVED

Ordinance No.

Ordinance of the Council of the City of Palo Alto Amending Chapter 4.62 to Title 4 (Business Licenses and Regulations) of the Palo Alto Municipal Code to Provide a Schedule Increasing the Citywide Minimum Wage to \$15 per Hour by 2019 for Palo Alto Employees

RECITALS

1. The Bay area in general and Palo Alto in particular are becoming increasingly expensive places to live and work.
2. Payment of a minimum wage advances the interests of the City as a whole, by creating jobs that keep workers and their families out of poverty.
3. A minimum wage will enable a worker to meet basic needs and avoid economic hardship.
4. This ordinance is intended to improve the quality of services provided in the City to the public by reducing high turnover, absenteeism, and instability in the workplace.
5. Prompt and efficient enforcement of this Chapter will provide workers with economic security and assurance that their rights will be respected.
6. Key findings of a regional minimum wage study and survey performed by the Institute for Research on Labor and Employment at UC Berkeley and BW Research showed that increasing the minimum wage to \$15.00 an hour by 2019 in Santa Clara County would:
 - Increase earnings for 250,000 workers
 - Raise average annual earnings of affected workers by 19.4 percent, or \$3,200.00 (in 2014 dollars)
 - Slightly increase average prices in Santa Clara County by 0.2 percent over three years
 - Have a net effect on employment that is slightly negative at the county level (1,450 jobs) and close to zero at a 10 county regional level.
7. The Cities Association of Santa Clara County recommends a regional minimum wage increase to \$15.00 by 2019 as an effort to prevent an uneven playing field that can be damaging to local economies, provide equity to our shared economy, and implement regional consistency across the county.

The City Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. Section 4.62.030 of Chapter 4.62 (Citywide Minimum Wage) of the Palo Alto Municipal Code is amended to read as follows:

4.62.030 Minimum wage.

a. Employers shall pay employees no less than the minimum wage set forth in this section for each hour worked within the geographic boundaries of the City of Palo Alto.

~~b.~~ b. The minimum wage shall be an hourly rate of eleven dollars (\$11.00) through December 31, 2016. On January 1, 2017, the minimum wage shall be an hourly rate of twelve dollars (\$12.00). On January 1, 2018, the minimum wage shall be an hourly rate of thirteen dollars and fifty cents (\$13.50). On January 1, 2019, the minimum wage shall be an hourly rate of fifteen dollars (\$15.00). To prevent inflation from eroding its value, beginning on January 1, 2016, and each January 1st year thereafter, the minimum wage shall increase by an amount corresponding to the ~~prior year's~~ increase, if any, in the cost of living, not to exceed 5%. The prior year's increase in the cost of living shall be measured by the percentage increase, if any, as of August of the immediately preceding year ~~over the level as of August of the previous year~~ of the Bay Area Consumer Price Index (Urban Wage Earners and Clerical Workers, San Francisco-Oakland-San Jose, CA U.S. City Average for All Items) or its successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase rounded to the nearest multiple of five (\$.05) cents. If there is no net increase in the cost of living, the minimum wage shall remain unchanged for that year. The adjusted minimum wage shall be announced by October 1 of each year, or as soon as practicable thereafter if the Consumer Price Index for August has not yet been published, and shall become effective as the new minimum wage on January 1st of each year.

SECTION 2. CEQA. The City Council finds that this ordinance is exempt from the provisions of the California Environmental Quality Act pursuant to Section 15061(b)(3) of the California Environmental Quality Act Guidelines, because it can be seen with certainty that there is no possibility of significant environmental effects occurring as a result of the adoption of this ordinance.

SECTION 3. Severability. If any provision or clause of this chapter is held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such invalidity shall not affect other provisions of this chapter, and clauses of this chapter are declared to be severable.

SECTION 4. Effective Date. This ordinance shall become effective upon the commencement of the thirty-first day after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

NOT YET APPROVED

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Senior Asst. City Attorney

City Manager

Director of Administrative Services