



## STAFF REPORT

### MEETING

DATE: March 26, 2019

TO: City Council

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SUBJECT: **ACCELERATION OF STATE OF CALIFORNIA PROPOSED MINIMUM WAGE INCREASE**

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### DISCUSSION

Per Council direction, staff is providing a brief overview for discussion purposes only, the potential fiscal impact associated with an acceleration of the state of California Minimum Wage pay schedule for city employees. This item was introduced as a proposed agenda item at the City Council Meeting of January 15, 2019 by Councilwoman Eklund.

### ANALYSIS

The City of Novato has approximately 155 part-time employees. The analysis outlined below is a draft comparison of the fiscal impact and timeline of the State's new requirements versus the Councilwoman Eklund proposal to accelerate the minimum wage increase.

In summary, the State's proposal will begin on January 1, 2020 and costs the city approximately an additional \$422,220.00 over a three (3) year period. Whereas, Councilwoman Eklund's proposal would begin six (6) months sooner on July 1, 2019 and costs approximately \$414,388.00 over a two (2) year period.

#### **Per the California State Guidelines:**

Effective 1/1/2020: minimum wage = \$13.00/hr.

If we raised all of the part-time employees that are under that wage to \$13.00/hr. and if they worked the maximum schedule (1040 hours per year), by 12/31/2020, the city will have paid out an additional \$115,856.00

Effective 1/1/2021: minimum wage = \$14.00/hr.

If we raise all of the part-time employees that are under \$14.00/hr. and if they worked the maximum schedule (1040 hours per year), by 12/31/21, the city will have paid out an additional \$148,284.00

Effective 1/1/2022: minimum wage = \$15.00/hr.

If we raise all of the part-time employees that are under \$15.00/hr. and if they worked the maximum schedule (1040 hours per year), by 12/31/22, the city will have paid out an additional \$158,080.00.

Total costs of **\$422,220.00 over 3 years.**

### **ALTERNATIVE**

Effective 7/1/2019: minimum wage = \$12.75/hr.

If we raised all of the part-time employees that are under that wage to \$12.75/hr. and if they worked the maximum schedule (1040 hours per year), by 6/30/20, the city will have paid out an additional \$84,136.00.

Effective 7/1/2020: minimum wage = \$15.00/hr.

If we raise all of the part-time employees that are under \$15.00/hr. and if they worked the maximum schedule (1040 hours per year), by 6/30/21, the city will have paid out an additional \$330,252.00.

Total costs of **\$414,388.00 over 2 years.**

### **RECOMMENDATION**

Based on staff's preliminary fiscal impact analysis of the alternative proposal to accelerate the minimum wage increase staff does not recommend this action. Additionally, staff believes that there will be a negative response from the business community if the City imposed any acceleration of the minimum wage level.

### **ATTACHMENT**

1. Proposed Agenda Item from January 15, 2019 Council meeting