



CITY MANAGER'S OFFICE

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3223 • FAX: (408) 777-3366
CUPERTINO.ORG

CITY COUNCIL STAFF REPORT

Meeting: October 20, 2020

Subject

Update Cupertino's annual minimum wage with an ordinance for a one-time adjustment to the City of Cupertino minimum wage to be consistent with the cities of Los Altos, Palo Alto, and Santa Clara such that the minimum wage will be consistent among those cities and the City of Cupertino in 2021 and in subsequent years to achieve a desired uniformity among the cities of Los Altos, Palo Alto, and Santa Clara

Recommended Action

Receive an update on regional minimum wage efforts and conduct the first reading of Ordinance No. 20-XXXX: An Ordinance of the City of Cupertino to set the minimum wage for 2021 at \$15.65 per hour.

Background

In 2016 the City Council approved Ordinance 16-2151 adopting the City's Minimum Wage Ordinance, in coordination with the Cities Association of Santa Clara County, of increasing the minimum wage to \$15 by 2019 in all cities in Santa Clara County with annual cost of living adjustments thereafter.

In years 2017, 2018, and 2019 Cupertino's minimum wage rate was consistent with the neighboring cities of Los Altos, Palo Alto, and Santa Clara. However, due to a difference in calculation methodology, Cupertino's minimum wage in 2020 was \$15.35 when the other cities had increased to \$15.40.

Discussion

It is in the interest of local businesses and employees to have a consistent minimum wage among Cupertino and its neighboring cities that are on the same adjustment schedule. Having consistency avoids unnecessary competition when hiring workers within the region, especially at franchise stores or national chains with multiple locations.

In order to have a consistent methodology Cupertino together with the cities of Los Altos, Palo Alto, and Santa Clara have asked the City of San Jose Office of Equality Assurance ("OEA," which

administers the City's minimum wage ordinance) to develop implementation guidelines for uniform calculation of the minimum wage among the four cities.

While these guidelines will help ensure uniform implementation going forward, Council action is required to make a one-time adjustment to the City of Cupertino's minimum wage in order to establish consistency with our neighboring cities going forward. The attached ordinance would set the minimum wage for 2021 at \$15.65 per hour consistent with the cities of Los Altos, Palo Alto, and Santa Clara. With common adjustment procedures among the four cities, the minimum wage will remain consistent among the four cities in the future.

Many other cities in Santa Clara County also have established local minimum wages. Because they were adopted at different times and with different approaches than that used by Cupertino, Los Altos, Palo Alto, and Santa Clara those wages are set at different levels. For context, the table below shows the expected rate changes for 2021 in those cities:

	2020	2021
Milpitas	\$15.40 (as of 7/1/2020)	\$15.40 (through 6/30/2021)
Mountain View	\$16.05	\$16.30
Redwood City	\$15.38	\$15.62
San Carlos	\$15.00	\$15.24
San Mateo	\$15.38	\$15.62
South San Francisco	\$15.00	\$15.25
Sunnyvale	\$16.05	\$16.30

Next Steps

Cupertino must notify City of San Jose OEA of its 2021 minimum wage rate. City of Cupertino currently contracts with the City of San Jose OEA for enforcement services through a complaint-driven model.

Additionally, updates of the new minimum wage will be posted on the City's www.cupertino.org/wagewatch webpage, notification mailings will be mailed to all Cupertino-based businesses, and information will be shared through the City's various social media platforms and news outlets.

Sustainability Impact

No impact.

Fiscal Impact

The City would need to amend its salary schedule for part-time employees to comply with the new minimum wage schedule as it typically does on an annual basis.

Costs related to business outreach notifications and enforcement are already included in the City's annual operating budget as a function of the Economic Development Division.

Prepared by: Angela Tsui, Economic Development Manager

Richard Taylor, City Attorney's Office

Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

A – Draft Minimum Wage Ordinance