



Date: September 25, 2015
To: Patrick H. West, City Manager *T.H.W.*
From: Michael P. Conway, Director of Economic & Property Development *MPC*
For: Mayor and Members of the City Council
Subject: Minimum Wage Policy

On August 11, 2015, City Council agendaized an item related to a Study of Minimum Wage Impacts & Potential Business Incentives (attached). The recommended actions of this item are as follows:

- Direct the City Manager to request a report from the Los Angeles County Economic Development Corporation (LAEDC) regarding:
 - The feasibility of and potential benefits and risks of implementing a citywide minimum wage policy in Long Beach; and,
 - Proposals for incentives, tax breaks, fee reductions and/or process improvements to assist businesses and non-profit organizations in complying with a higher minimum wage; and,
- Work with the City's Economic Development Commission to take public input and review the study's findings and make recommendations to City Council.

On September 15, 2015, City Council authorized the City Manager to execute an agreement with the Economic Development Corporation of Los Angeles County (LAEDC) to conduct and deliver a report regarding the potential implications of a minimum wage policy for the City of Long Beach (Report). The scope of the Report is attached as Attachment 1.

The Report is intended to be an independent, objective and dispassionate review and analysis of the potential impacts of a minimum wage policy in consideration of the socio-economic conditions unique to Long Beach, but in context of adjacent and surrounding local government minimum wage policies.

The City has announced a public outreach and participation model which will include six public meetings. Three public meetings will be held before the preparation of the Report in order to hear the public's comments, issues or concerns regarding a minimum wage policy in Long Beach. These meetings will be held with the Economic Development Commission, the Economic Development and Finance Committee and a Mayor's Roundtable on Minimum Wage Policy. Subsequent to the preparation and release of the final LAEDC Report, three public meetings will be held with the same Commission, Committee and Roundtable, in order to solicit, hear and record the public's feedback on the Report. The LAEDC will be in attendance at all six public meetings. All meetings will be open to the public, and input given at each of the meetings will be documented. The meetings are scheduled at various times and various locations to ensure ample opportunity for all stakeholders to participate. To further expand opportunities for

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stakeholder participation at the request of the business community, the last meeting with the Economic Development Commission has been changed to start at 6:30 PM instead of 4:00 PM as stated in the recent Press Release. Below is a schedule of the meetings:

1. Economic Development Commission
City Council Chambers
333 West Ocean Boulevard
September 29, 2015 at 4:00 PM
2. Mayor's Roundtable
Expo Building
4321 Atlantic Avenue
October 5, 2015 at 5:30 PM
3. Economic Development & Finance Committee
Long Beach City College
4901 East Carson Street
October 29, 2015 at 7:30 AM
4. Mayor's Roundtable
Admiral Kidd Park
2125 Santa Fe Avenue
November 17, 2015 at Noon
5. Economic Development & Finance Committee
Belmont Shore Public Library
195 Bayshore Avenue
November 20, 2015 at 4:00 PM
6. Economic Development Commission
City Council Chambers
333 West Ocean Boulevard
November 24, 2015 at 6:30 PM

Staff's current expectation is to bring back to City Council the Report, a summary of the public comments received both before and after the Report was prepared, and information on the potential cost to the City's budget for enforcement, City contracts and City staffing before the end of the year.

If you have any questions, please contact Juan Lopez-Rios at extension 570-6129.

cc: Charles Parkin, City Attorney
Laura Doud, City Auditor
Tom Modica, Assistant City Manager
Arturo Sanchez, Deputy City Manager
John Gross, Director of Financial Management
Jyl Marden, Assistant to the City Manager



ATTACHMENT I

SCOPE OF WORK

- (1) *Literature Review*: To inform the current debate in the Los Angeles region, several studies have been commissioned by interested parties. These studies, along with other contemporary research related to minimum wage increases in large metropolitan areas, will be reviewed and assessed with a specific consideration of how their merits relate to existing conditions in the City of Long Beach if a comparable minimum wage policy were to be adopted. This review will include a scan of best practices of municipalities having implemented a minimum wage policy in addressing impacts on businesses, such as, for example, offering offsetting incentives, tax and fee forgiveness or preferences in contracting, and will include to the extent possible existing and proposed wage and hours enforcement practices and processes at the municipal level.
- (2) *Socioeconomic Conditions in the City of Long Beach*: Home to the second-largest container port in the nation and a robust manufacturing sector, as well as bustling entertainment and tourism industries, the City abounds in opportunity—yet faces the twin challenges of unemployment and poverty still lingering from the Great Recession. The economic environment will be described and socioeconomic characteristics of the population detailed and reviewed.
- (3) *Regional Dynamics*: The City of Long Beach borders several cities in Los Angeles and Orange counties, many of which supply workers for jobs in the City and provide jobs for workers that live in the City. Indeed, with the existing flow of workers across borders, approximately 75 percent of the jobs in the City are held by residents of other cities at the same time that 78 percent of working residents of Long Beach hold jobs outside the City. An implementation of a minimum wage ordinance that is not similarly adopted in other labor markets and employment centers will impact the movement of jobs and workers across municipal boundaries. These expected impacts will be assessed and evaluated qualitatively.
- (4) *Business Survey*: There are approximately 15,000 businesses in the City of Long Beach providing employment opportunities for more than 140,000 workers. To gain some understanding of how these businesses expect to respond to a change in the policy governing their wage payments, a survey will be conducted with a random sample of 600 businesses (sufficient to generate statistically significant results at a +/- 4.5 percent margin of error). The survey will be conducted by an independent opinion polling firm.

