



STAFF REPORT

City Council

Meeting Date:

10/8/2024

Staff Report Number:

24-176-CC

Consent Calendar:

Receive and file the annual inflation protection adjustment of \$0.40 per hour for an approved local minimum wage effective Jan. 1, 2025, of \$17.10 per hour

Recommendation

Receive and file the automatic annual inflation protection adjustment to the approved local minimum wage effective Jan. 1, 2025. City Council retains the option of suspending the automatic increase by directing City staff to return with applicable action required by Menlo Park Municipal Code Chapter 5.76 (Attachment A). Effective Jan. 1, 2025, the approved local minimum wage in Menlo Park will increase by \$0.40 per hour, from \$16.70 to \$17.10 per hour. The local minimum wage ordinance contains no mandate to increase wages for employees with hourly wages at or higher than the approved local minimum wage.

Policy Issues

Menlo Park Municipal Code (MPMC) §5.76.030, paragraphs (b) and (c), provide an automatic annual inflation adjustment to the approved local minimum wage and an allowance for the City Council to suspend the adjustment. The MPMC stipulates that the annual inflation adjustment is calculated using the August to August increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W, CWURS49BSA0) for San Francisco – Oakland – Hayward as reported by the Bureau of Labor Statistics, not to exceed 3%.

Background

On Sept. 24, 2019, the City Council adopted Ordinance No. 1058, codified as MPMC Chapter 5.76, establishing a local minimum wage of \$15.00 for each hour worked within the geographic boundaries of the City of Menlo Park effective Jan. 1, 2020.

- Jan. 1, 2021, local minimum wage increased by 1.6% to \$15.25
- Jan. 1, 2022, local minimum wage increased by 3% maximum (CPI-W change 4.9%) to \$15.75
- Jan. 1, 2023, local minimum wage increased by 3% maximum (CPI-W change 6.0%) to \$16.20
- Jan. 1, 2024, local minimum wage increased by 3% maximum (CPI-W change 3.3%) to \$16.70

Analysis

City Council's findings and determinations when adopting the local minimum wage ordinance included the following:

- The Bay Area in general, and Menlo Park in particular, are becoming increasingly expensive places to live and work.
- 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.

- A minimum wage will enable a worker to meet basic needs and avoid economic hardship.
- The local minimum wage ordinance (Ordinance No. 1058) 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.

The CPI-W increase was 2.4% from August 2023 to August 2024. Effective Jan. 1, 2025, the approved local minimum wage will automatically increase by the inflation adjustment of 2.4%, or \$0.40 per hour. The inflation adjustment results in an additional \$69.33 per month, or \$832 annually, for a full-time worker who is paid at the currently-approved local minimum wage of \$16.70 per hour.

The local minimum wage ordinance does not mandate wage increases for employees making at or more than the approved local minimum wage. For example, an employee whose hourly wage is \$17.10 or more Dec. 31 will see no mandated increase in their hourly wage Jan. 1, 2025. An employee whose hourly wage is less than \$17.10 Dec. 31 will receive an increase to \$17.10 per hour effective Jan. 1, 2025.

City Council may direct City staff to return with a resolution to suspend the Jan. 1 adjustment for up to one year upon adoption of the following finding: "local or other economic conditions justify temporarily suspending the inflation adjustment."

City staff will bring a modified salary schedule for City Council consideration before Jan. 1, 2025 that will include amendments to any existing salary ranges that start below the minimum wage.

Impact on City Resources

Annual notification to businesses is included in the City's fiscal year 2024-25 budget. City-employed individuals are paid in accordance with the City Council adopted salary schedule, but not less than the approved local minimum wage. Currently, two temporary City employees whose hourly wage is less than \$17.10 will receive an increase effective Jan. 1, 2025.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§15378 and 15061(b) (3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Hyperlink – MPMC Chapter 5.76 – Local Minimum Wage:
codepublishing.com/CA/MenloPark/#!/MenloPark05/MenloPark0576.html#5.76.030

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