

Bondi, James

From: Kahn, Kelley
Sent: Tuesday, February 25, 2014 11:02 AM
To: Santana, Deanna
Cc: Blackwell, Fred; Bailey, John; Walker, Tamara; Orologas, Alexandra; Todd, Amber
Subject: FW: Request re: Minimum Wage

Hi Deanna,

A few more updates on the minimum wage issue.

1. I'm now more convinced that we should bring on an economist to do an objective, defensible study of the impacts of raising the minimum wage on Oakland's economy. The study would look at both increased spending power as well as the potential for job loss. Given the number of potential minimum wage proposals in the works, this study can provide policymakers with consistent data to consider the issue.

The study would likely cost between \$20k and \$25k and take between 3 and 4 months. We plan to solicit bids from a least three entities, including John Haveman, Beacon Economics and one or two academics. John Bailey and Tamara Walker in the Workforce unit are collaborating with me on this work.

Are you comfortable with staff moving ahead with a study in this way?

2. As you know, Councilmember Reid has proposed an ordinance to raise the minimum wage to \$10.20 per hour (his original proposal at Rules of \$9 by 2015 was not consistent with State law, so he changed it to \$10.20 by 2016). He's asked for an ordinance to come to CED Committee in April. Tamara Walker will prepare the staff report and ordinance (with help from Dan Rossi). The study I describe above will not be done by April, so the staff report would not make a recommendation about his \$10.20 proposal. Instead, it will provide background about existing minimum wage policies (State, Federal and other cities) and will describe the key issues that need to be taken into consideration. It will also describe the scope and schedule of the study above.

Also, FYI, Councilmember Schaaf's staff is looking into minimum wage increases. The East Bay EDA has not studied the issue and probably won't. The Chamber may do a survey of its members about minimum wage increases. Since most of the members already pay above minimum wage, they don't expect a lot of resistance to a "moderate" raise in minimum wage.

Let me know if you need more information, and if you have any concerns with moving ahead with the study I describe.

Thanks,
Kelley

Kelley Kahn
Department of Economic & Workforce Development | City of Oakland

www.business2oakland.com

From: Kahn, Kelley
Sent: Thursday, February 06, 2014 5:55 PM
To: Orologas, Alexandra; Gallo, Aliza; Sanchez, Arturo M; Santana, Deanna; Todd, Amber

Cc: Blackwell, Fred

Subject: RE: Urgent Request re: Minimum Wage

Hi Alex and Deanna,

Per our conversation today, Alex, and my voicemail to Deanna this afternoon, we've got a bit more research to share on the minimum wage issue.

We are even more certain that answering the questions that Alex asks below is beyond staff's expertise. To really answer them, we would need to contract with a labor markets expert, who would need time to establish a methodology and produce a study for Oakland. In all likelihood, the results would be highly contested; policy experts are largely split on whether the impacts are positive or negative, and there are studies supporting both sides.

We did come up with a baseline figure that approximately 8 percent of Oakland's employees earn minimum wage. This is based on reporting from our Enterprise Zone businesses, extrapolated to the total number of employees in Oakland. For comparison, San Francisco approximates that 6 percent of its population makes minimum wage. Studies suggest that when the minimum wage is raised, a certain percent of low and middle wage worker salaries also go up to account for employee/supervisor equity – about two percent more employees. So, about 10 percent of workers in Oakland total could see an increase in their wage with an increase in minimum wage.

We are still waiting to see if the East Bay EDA has any regional studies. And on Tuesday we are meeting with our State EDD rep to see what kind of technical assistance she can provide, which is likely data about median incomes in Oakland by sector.

Moving forward, I think there are a few approaches to get better information:

1. Staff continues to flesh out baseline information about how many workers would be impacted and in what sectors. With help from EDD, we could have this in a couple weeks.
2. Contract with a labor market economist to study the complete impacts from salary increase to potential job loss. This would take several months, and would need to include convening a lot of the disparate groups to vet the findings. Mayor Lee recently committed to forming a task force of labor and business interests to study another increase to San Francisco's minimum wage, but that has not taken off yet. My guess is a study would cost \$15,000 - \$20,000.
3. Hire a local policy or economic firm to review the studies that exist and provide a summary. This would not be Oakland specific, but could provide a good frame on the pros and cons. This could be done for less than \$5,000.

I'm sorry that we can't come up with a quick answer to the questions.

Kelley

Kelley Kahn

Department of Economic & Workforce Development | City of Oakland

www.business2oakland.com

From: Kahn, Kelley

Sent: Tuesday, February 04, 2014 6:21 PM

To: Orologas, Alexandra; Flynn, Rachel; Gallo, Aliza

Cc: Blackwell, Fred (FBlackwell@oaklandnet.com)

Subject: RE: Urgent Request re: Minimum Wage

Hi Alex,

Following up my voicemail yesterday, I wanted to share some of the research we've started and a few initial thoughts.

As I mentioned, it's quite difficult to quantify the impacts of raising the minimum wage on Oakland's economy in the ways you've outlined. Just establishing how many minimum wage workers are in a city is difficult because there are no reporting requirements. And there is a lot of conflicting policy studies about impacts on local economies.

If we have a couple months, one approach would be to hire an economist or local think tank to explore the questions and model different approaches to getting answers.

In the shorter term, we are researching several data sources that might at least help frame the issue:

1. Baseline data: We already have baseline data about how many workers are in Oakland – approx. 177,000
2. Enterprise Zone: Our Enterprise Zone program, which covers about 4,000 businesses, can tell us for the EZ businesses, how many minimum wage employees are in the program – the EZ program requires this reporting. From this, we could extrapolate how many of the total number of workers in Oakland are making minimum wage.
3. State EDD: The State EDD, for a small fee, can do an analysis that tells us how many businesses are in Oakland by sector – and most importantly, what the median salary is for each sector. This gives us a sense of what sectors are most sensitive to minimum wage changes.
4. Conversations with San Francisco about their analysis behind raising their minimum wage: I already spoke to San Francisco's chief economist, who acknowledges it is very difficult to quantify the impacts and it comes down to a policy decision. He's going to send me some of the studies they looked at.
5. We've also got a call into East Bay EDA and will call Steve Levy and the City of Richmond (who is considering a change) for more ideas about how to approach these questions.

In the end I think we can get a rough approximation of how many workers would be affected and in what industries, but we'd need to look at the policy work to make assumptions about what could happen to Oakland's economy. We should touch base to find out what would be most useful, given the constraints of time and information.

Finally, there has been a lot written about why it's smart for cities should have its own living wage given variations in cost of living. One interesting approach is to tie minimum wage to a city's median wage, ensuring that everyone makes at least 50% of median income. See:

<http://m.theatlanticcities.com/jobs-and-economy/2013/12/why-every-city-needs-its-own-minimum-wage/7801/>

<http://m.theatlanticcities.com/jobs-and-economy/2014/01/1010-minimum-wage-would-affect-some-metros-much-more-others/8235/>

I'll let you know as the research develops.

- Kelley

Kelley Kahn

Department of Economic & Workforce Development | City of Oakland

www.business2oakland.com

From: Orologas, Alexandra

Sent: Friday, January 31, 2014 2:55 PM

To: Kahn, Kelley; Flynn, Rachel; Gallo, Aliza

Cc: Blackwell, Fred; Orologas, Alexandra

Subject: Urgent Request re: Minimum Wage

Importance: High

Hi Team,

I left Kelley and voicemail before my last meeting. I have an urgent request from the Mayor's Office through Deanna. The Mayor needs information regarding minimum wage. As noted in Obama's State of Union speech, his goal was to raise the minimum wage to \$9 nationwide. There has also been some talk locally about raising Oakland's to \$15.

Deanna needs you to gather some information with respect to the following – this may require you to work with the chamber or economic development alliance, etc.

- 1) How will setting the minimum wage at \$9 or \$15 fiscally impact our businesses– both salary and total compensation wise? What data is available – are there dollar amounts we can reference? How can we characterize this?
- 2) How will set minimum wage at both \$9 and \$15 fiscally impact our local economy – both salary and total compensation? What data is available– are there dollar amounts we can reference? How can we characterize this?

Deanna wants to understand where you are with this research by Tuesday – 2/4. We will need info finalized later that week to provide to the Mayor. I will check in with you all on Tuesday.

Call me for questions.

Thank you in advance,
Alex

Alexandra Orologas
Chief of Staff
Office of the City Administrator, City of Oakland
1 Frank H. Ogawa Plaza, 3rd Floor
Oakland, CA 94612
Telephone: (510) 238-6587
Email: aorologas@oaklandnet.com



Mission Statement:

The City of Oakland is committed to the delivery of effective, courteous, and responsive services. Citizens and employees are treated with fairness, dignity and respect.

Bondi, James

From: Todd, Amber
Sent: Tuesday, February 18, 2014 12:46 PM
To: Kasaine, Katano
Cc: Blackwell, Fred; Orologas, Alexandra; Sanchez, Arturo M
Subject: RE: Minimum Wage
Attachments: Minimum Wage - DJS Comments.pdf

Importance: High

Good Afternoon Katano,

Please see the attached scanned version of your email with Deanna's hand written comments.

Thank you,

Amber Todd

Executive Assistant to
Deanna J. Santana
City Administrator
City of Oakland

(510) 238-6369
atodd@oaklandnet.com



From: Kasaine, Katano
Sent: Thursday, February 06, 2014 5:18 PM
To: Santana, Deanna; Orologas, Alexandra; Todd, Amber
Subject: Minimum Wage
Importance: High

See attached.

1) How many City Employees make less than \$15 per hour? 781

2) Of those City Employees who make less than \$15 per hour, how many are under 18? How many are adults?

Under 18= 52 Adults= 729*

3) What will it cost to bring those who make less than \$15 per hour- who are adults 18+, to:

- \$9 per hour – hourly salary = \$74,715.69
- \$9 per hour –total compensation = \$83,479.00
- \$15 per hour – hourly salary = \$1,100,020.21
- \$15 per hour – total compensation = \$1,227,886.03

4) What will it cost to bring those who make less than \$15 per hour- all City employees: to:

- \$9 per hour – hourly salary = \$76,326.50
- \$9 per hour –total compensation = \$85,275.07
- \$15 per hour – hourly salary = \$1,123,332.43
- \$15 per hour – total compensation = \$1,253,879.16

*Adults include Senior Aides totaling 168 adult employees who are Federally funded

Todd, Amber

Min Wage

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\$12.25?

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cc Fred / Katano / Alex
Katano —

— ballot language submitted
shows \$12.25, can you
run the #s at that level
Thurs 12/5

Bondi, James

From: Blackwell, Fred
Sent: Friday, January 31, 2014 3:07 PM
To: Orologas, Alexandra
Cc: Kahn, Kelley; Flynn, Rachel; Gallo, Aliza; Orologas, Alexandra
Subject: Re: Urgent Request re: Minimum Wage

Will look into these but know that at \$10.55 SF is the highest in the nation so \$15 would be far above anything done in the country. I am

not sure that we even want to raise the number in a conversation with the chamber. They will hang up the phone.

Sent from my iPhone. Please excuse brevity and spelling and grammar errors.

On Jan 31, 2014, at 2:55 PM, "Orologas, Alexandra" <AOrologas@oaklandnet.com> wrote:

Hi Team,

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Alexandra Orologas

Chief of Staff

Office of the City Administrator, City of Oakland

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Email: aoorologas@oaklandnet.com

<image001.jpg>

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