



Fremont City Council

3300 Capitol Avenue
Fremont, CA 94538

SCHEDULED

Meeting: 03/05/19 07:00 PM
Div/Dept: Finance Department
Category: Code Adoptions & Amendments

STAFF REPORT (ID # 3692)

Sponsors:
DOC ID: 3692

NON-PROFIT EXEMPTION TO MINIMUM WAGE ORDINANCE - Consider an Exemption for Employees of Non-Profit Corporations to the City's Minimum Wage Ordinance.

Contact Persons:

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Executive Summary: On February 5, 2019, the City Council adopted a local minimum wage ordinance. As part of the action taken to adopt the ordinance, the City Council requested staff to return with an amendment exempting all employees of non-profit corporations. This report provides an amendment for the City Council's consideration.

BACKGROUND: On February 5, 2019, the City Council adopted a local minimum wage ordinance. As part of the action taken to adopt the ordinance, the City Council requested staff to return with an amendment for its consideration exempting employees of non-profit corporations. There was also an interest in providing relief to for-profit corporations that deliver community services and receive reimbursements from the State or federal government.

DISCUSSION/ANALYSIS:

Exemption for Non-Profit Corporations

As requested, staff has prepared an amendment to the City's minimum wage ordinance that would exempt employees of non-profit corporations. In December 2018, staff presented the results of its public outreach, which included feedback from non-profit organizations. That feedback was generally supportive of the City Council's interest in increasing the local minimum wage more rapidly than under State law, and staff did not receive requests from non-profit organizations for an exemption. Accordingly, staff did not include such an exemption in the draft ordinance.

Exemption for Businesses Receiving State or Federal Reimbursements

The City Council also asked staff to suggest an approach for addressing situations where a business is providing community services that will be reimbursed by the State or federal government at a rate lower than the City's minimum wage. The other cities that have adopted local minimum wage ordinances have chosen to provide only very narrow minimum wage exemptions, if any, to limit the complexity and difficulty of implementation and enforcement. Rather than putting the City Council in the position of adjudicating which for-profit businesses are worthy of being exempted from the City's ordinance and which not, staff recommends that the City Council provide no additional exemptions.

In the alternative Guy Houston, representing the for-profit business receiving reimbursements for services to the disabled, requested that Fremont contact the State of

California requesting an increase in funding levels. Mr. Houston has provided a draft resolution for the City Council to consider.

Options for City Council Action

Potential options for City Council action are as follows:

1. Adopt the draft amendment, which will extend the exemption to all employees of non-profit corporations, or
2. Take no action, and the only exemption to the City's local minimum wage ordinance will continue to be for youth up to age 21 employed by non-profit corporations.
3. Direct Staff to contact our State legislators and other local agencies to provide the information contained in the proposed resolution regarding an increase in funding for the providers of services to the disabled.

FISCAL IMPACT: Staff anticipates no additional fiscal impact would result from extending the exemption to include all employees of non-profit corporations. Additionally, since the February 5th City Council meeting, the City of San Jose has notified staff that it will no longer be supporting other cities' minimum wage programs. Accordingly, staff will work to identify an efficient alternative minimum wage enforcement model and include the related appropriations as part of the proposed FY 2019/20 operating budget.

ENVIRONMENTAL REVIEW: The proposed action is not subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guideline Section 15061(b)(3) because the proposed ordinance does not have the potential for causing a significant effect on the environment.

ATTACHMENTS:

- Draft Ordinance- Minimum Wage Amendment
- A RESOLUTION FROM THE FREMONT CITY COUNCIL

RECOMMENDATIONS:

1. Adopt the proposed amendment exempting all employees of non-profit corporations from the City's minimum wage ordinance.
or
2. Take no action to amend the City's minimum wage ordinance.