

City of Long Beach
Many Unique Neighborhoods
One Great City



Dr. Suja Lowenthal
Vice Mayor
Council District 2

Memorandum

To: Honorable Mayor and City Council August 11, 2015

From: Lena Gonzalez, First District
Suja Lowenthal, Second District
Dee Andrews, Sixth District
Rex Richardson, Ninth District

Subject: Study of Minimum Wage Impacts & Potential Business Incentives

RECOMMENDATION:

Direct the City Manager to request a report from the Los Angeles County Economic Development Corporation (LAEDC) regarding 1) the feasibility of and potential benefits and risks of implementing a citywide minimum wage in Long Beach; and 2) 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 to work with the City's Economic Development Commission to take public input and review the study's findings and make recommendations to the City Council.

DISCUSSION:

A conversation about raising the minimum wage is happening throughout California and the nation. Chicago has voted to increase its minimum wage to \$13 per hour by 2019; the University of California recently announced that it will raise its minimum wage to \$15 per hour by 2017; San Francisco will raise its minimum wage to \$15 by 2018, and the States of Massachusetts and New York are each considering a \$15 minimum wage for certain workers. Both the City and County of Los Angeles have recently adopted a minimum wage for nearly all workers in their jurisdictions, gradually increasing it to \$15 per hour by 2020. Long Beach shares much of the same workforce and market as the City and County of Los Angeles. In addition, Pasadena, Santa Monica and West Hollywood are all exploring raising the city minimum wage. Therefore, it is appropriate to investigate the impact the new minimum wages in the City and County of Los Angeles will have on Long Beach; and to consider whether a higher minimum wage would be beneficial to our City.

The LAEDC's Institute for Applied Economics was commissioned by the Los Angeles County Board of Supervisors to conduct a study and make a report on the potential implications of a minimum wage policy for the County. That report was completed and presented to the Board of Supervisors in June.

The City of Long Beach should commission a similar report from the LAEDC and undertake an inclusive process including business owners, non-profits, workers, and education leaders.

The report should include data and survey work about the minimum wage and possible incentives for businesses. If a minimum wage increase is to be considered, incentives for businesses and or non-profits in the city should also be considered and discussed.

FISCAL IMPACT:

Up to \$65,000 for the LAEDC study in one-time funds from a source to be identified by the City Manager.