



County of San Mateo

Inter-Departmental Correspondence

Department: BOARD OF SUPERVISORS
DISTRICT 1
File #: 22-935

Board Meeting Date: 12/6/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Supervisor Dave Pine, District 1
Supervisor Don Horsley, District 3
Subject: Minimum Wage Ordinance

RECOMMENDATION:

Adopt an ordinance adding Chapter 5.158 (Minimum Wage) to Title 4 to the San Mateo County Ordinance Code, previously introduced on November 15, 2022, and waive the reading of the ordinance in its entirety.

BACKGROUND:

Presently, San Mateo County does not have an ordinance setting a minimum wage in the County's unincorporated areas. Therefore, employers are required to pay the minimum wage mandated by the State of California. Pursuant to Section 1182.12 of the California Labor Code, and with certain limited exceptions (e.g., no minimum wage is required of employee family members, apprentices, etc.), California's 2022 minimum wage is \$14 per hour for employers with 25 or fewer employees and \$15 per hour for employers with 26 or more employees.

The Legislature amended and increased the California minimum wage in 2016 by adopting Senate Bill (SB) 3 (Leno). The law phased in annual increases beginning in 2017, with an end goal of increasing the minimum wage from \$10 to \$15 per hour. The minimum wage for employers with 26 or more employees increased to \$15 per hour at the beginning of 2022 and to \$14 per hour for smaller employers with 25 or fewer employees, with the minimum wage for such small employers scheduled to increase to the same rate as that payable to employees of larger employers at the beginning of 2023.

SB 3 also provides for subsequent adjustments to the State minimum wage based on increases to the U.S. Consumer Price Index (U.S. CPI-W), subject to a 3.5% annual cap.

In July 2022, the California Department of Finance certified that given the rate of inflation during the 2021-2022 fiscal year and the increase to the U.S. CPI-W, the hourly minimum wage will increase to

\$15.50 an hour for all employers regardless of size, effective as of January 1, 2023.

Building upon the foundation of SB 3, and in response to local conditions, many California jurisdictions have adopted ordinances that set minimum wages that exceed the mandated state minimum wage. For example, several cities within San Mateo County (representing roughly 70% of the County's population) have adopted ordinances raising the minimum wage more quickly and to a higher level than the State's. In 2023, cities within San Mateo County that have a minimum wage ordinance will have a wage within the range of \$16.07 to \$17.10, with an average of \$16.50 across cities. Most include an escalator with a cap on growth of the minimum wage of between 3% - 5%.

In contrast, and as mentioned, unincorporated areas of the County are presently subject only to the mandated State minimum wage. Raising the minimum wage in the unincorporated areas of San Mateo County would create greater consistency with local ordinances within San Mateo County cities as well as contribute to an elevated quality of life for those living and working in the unincorporated areas of the County.

On October 18, the Board of Supervisors held a study session to discuss the proposed minimum wage ordinance and take public comment.

This ordinance was first introduced on November 15, 2022 and received unanimous support.

PROPOSAL SUMMARY:

The proposed ordinance will require employers operating in unincorporated areas of San Mateo County to pay a minimum wage of \$16.50 per hour for all employers, with an annual adjustment based on increases to the U.S. CPI-W and capped at 3.5 percent per year. This proposal creates consistency and ease of application while ensuring that the County's minimum wage will remain higher than the State minimum wage over time.

The Minimum Wage Ordinance will come into effect approximately three months after adoption (i.e., the ordinance would go into effect on April 1, 2023), which will allow County staff to undertake public outreach to employers and employees in the unincorporated area regarding the minimum wage increase. Enforcement of the ordinance shall be facilitated through lodging a complaint with the California Labor Commissioner's Office and by private right of action. Other locally based supplemental enforcement mechanisms may be adopted in the future.

FISCAL IMPACT:

The financial impact of the Minimum Wage Ordinance will be minimal; however, nominal funds will be required for outreach efforts to the business community.