



Minimum Wage: Informational Update

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Minimum Wage Background

- In August 2016, City Council adopted a minimum wage ordinance to incrementally increase to \$15 per hour by 2019.
- Since 2020, the City adjusts the minimum wage based on the Consumer Price Index (CPI).
- San Mateo was the first to adopt a local minimum wage in the County. 9 other cities in the County followed.
- Highest minimum wage in San Mateo County is \$16.20 per hour and in Santa Clara County is \$17.20 per hour

CPI Cap

- 3 of 10 cities in San Mateo County have a CPI cap at 3.5%
- 5 of 7 cities in Santa Clara County have a CPI cap at 5%
- The State has a CPI cap at 3.5%

Minimum Wage and CPI Increases

Year	Minimum Wage	CPI %
2020	\$15.38	2.5%
2021	\$15.62	1.6%
2022	\$16.20	3.7%
2023 estimate	\$17.33 - \$17.50	7-8%

Benefits of a CPI cap and CPI with no cap

CPI cap

- Prevent sizable increases year after year
- Lessen impacts to small businesses
- Lessen impact on City's staffing costs

CPI no cap

- Minimum wage workers will have wages that keep up with the costs of goods and services
- Lessens the income disparity gap

If a CPI cap is selected, City Council may want consider a catch-up provision to allow wages to eventually realign with inflation

Negative CPI

- Option to choose whether to allow minimum wage to be adjusted downward if there is a negative CPI.
- Current policy does not allow for this and none of the cities that staff researched allowed for it either.
- Staff **does NOT recommend** consideration of this policy.

Wage Round-up:

- Most cities in the Peninsula and South Bay round to the nearest nickel

East Palo Alto (nearest nickel)

Menlo Park (nearest nickel)

South San Francisco (nearest nickel)

Cupertino (nearest nickel)

Milpitas (nearest nickel)

Mountain View (nearest nickel)

Palo Alto (nearest nickel)

San Jose (nearest nickel)

Santa Clara (nearest nickel)

Sunnyvale (nearest nickel)

California (nearest dime)

Questions for City Council

Staff is seeking
guidance on the
following:

- Should the City set a cap on the CPI? If so, at what percentage?
 - Should a catch- up provision be included?
- Should the City decrease minimum wage if there is a negative CPI?
- Should the City round the wage up to the nearest nickel or dime?

Thank You

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Minimum Wage Comparison Table

Cities/State	2022 Wage	CPI INCREASE	Wage Round Up
San Mateo County			
San Mateo	\$16.20	No Limit	None
Belmont	\$16.20	Up to 3.5%	None
Burlingame	\$15.60	No Limit	None
Daly City	\$15.33	up to 3.5%	None
East Palo Alto	\$15.60	No Limit	To the nearest nickel (\$.05)
Half Moon Bay	\$15.56	No Limit	None
Menlo Park	\$15.75	No Limit	To the nearest nickel (\$.05)
Redwood City	\$16.20	No Limit	None
San Carlos	\$15.77	up to 3.5%	None
South San Francisco	\$15.80	No Limit	To the nearest nickel (\$.05)
Santa Clara County			
Cupertino	\$16.40	up to 5%	To the nearest nickel (\$.05)
Milpitas	\$15.65	up to 5%	To the nearest nickel (\$.05)
Mountain View	\$17.10	No Limit	To the nearest nickel (\$.05)
Palo Alto	\$16.45	No Limit	To the nearest nickel (\$.05)
San Jose	\$16.20	up to 5%	To the nearest nickel (\$.05)
Santa Clara	\$16.40	up to 5%	To the nearest nickel (\$.05)
Sunnyvale	\$17.10	up to 5%	To the nearest nickel (\$.05)
CA	\$14.00 & \$15.00	up to 3.5%	To the nearest dime (\$.10)