

# CITY OF OAKLAND MEASURE FF

FF	Shall Oakland's Municipal Code Be Amended To: (1) Establish A City-wide Minimum Hourly Wage Of \$12.25, To Be Increased Annually To Address Inflation; (2) Require Employers To Provide Employees Paid Sick Leave; (3) Require That Hotel, Restaurant And Banquet Facility Operators And Employers Pay Service Charges They Collect To Employees Providing Those Services; And (4) Provide Employees The Right To Bring An Action Against Employers To Enforce And Seek Remedies For Violation Of This Ordinance?	YES
		NO

This measure prohibits employers from funding increases in compensation required by the measure by reducing any non-management employee's compensation or non-wage benefits. The measure also requires that employers retain records regarding pay rates, paid sick leave, and service charge collection and distribution, and that employers prominently post and provide notice to employees of their rights under the measure.

s/BARBARA J. PARKER  
City Attorney

## CITY ATTORNEY'S BALLOT TITLE AND SUMMARY OF MEASURE FF

**BALLOT TITLE:**

A Proposed Amendment to the Oakland Municipal Code Establishing a Minimum Wage, Requiring Payment for Accrued Sick Leave, and Requiring Payment of Service Charges to Hospitality Workers

**BALLOT SUMMARY:**

This measure would establish a minimum wage in the City of Oakland of \$12.25 per hour, beginning on March 2, 2015. The minimum wage rate would increase yearly on January 1st based on increases in the cost of living.

This measure would require that employers in Oakland provide paid sick leave to their employees beginning on March 2, 2015. Employees would accrue one hour of paid sick leave for every 30 hours they work. Employers may cap paid sick leave earned by an employee at 40 hours for employees of small businesses and 72 hours for employees of other employers. Small businesses are defined as employers who normally have fewer than ten workers. An employer may set a higher cap for paid sick leave or no cap at all. Employees may use paid sick leave for the employee's own illness or injury, or to care for certain family members who are ill or injured. Employees with no spouse or domestic partner may designate one person for whom the employee may use paid sick leave to provide care.

This measure would require that hospitality employers who collect service charges from customers pay all service charges to their hospitality workers. Hospitality employers are defined as employers who own, control, or operate any part of a hotel, restaurant or banquet facility within Oakland.

This measure would provide for enforcement by the City or by an employee's lawsuit. This measure would prohibit discharging, reducing compensation or otherwise discriminating against any person who makes a complaint to the City, participates in any City proceedings, or files a lawsuit for violation of this measure. This measure would permit the City to consider an employer's record of noncompliance with this measure in determining whether to enter into City contracts with the employer or grant land use approvals or other permits to the employer.

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE FF**

Existing state and federal law require employers to pay a minimum hourly wage to employees. There is no minimum wage requirement under local law. If approved, this measure would establish a minimum wage in the City of Oakland. Starting on March 2, 2015, the minimum wage in Oakland would be \$12.25 per hour, and would increase yearly based on increases in the cost of living, if any. This is higher than the minimum wage required under state and federal minimum wage laws. The state minimum wage is \$9.00 and will increase to \$10.00 in 2016. The measure would cover the same employees in Oakland that the state minimum wage law covers.

Existing law does not require employers to provide paid sick leave to their employees. If approved, this measure would require employers in Oakland to provide paid sick leave to their employees at a minimum rate of one hour for every 30 hours worked. Employers could cap paid sick leave hours earned by an employee, although an employer could set a higher cap or no cap at all. Employees could use paid sick leave for their own illness or injury, or to care for certain specified family members or other designated persons who are ill or injured.

Existing law does not require hospitality employers (such as hotel, restaurants, or banquet facilities) to pay service charges that they collect to their employees. Service charges include charges billed to customers by hospitality employers for employee services, such as room service delivery charges or portering (baggage carrying) charges, but do not include tips. If approved, this measure would require that hospitality employers in Oakland who collect service charges from customers pay those service charges to employees who provide the service.

The measure includes various enforcement provisions. Employees could bring a lawsuit against an employer if the employer fails to comply with the measure. The City also could establish a process for enforcement, although that is not required. The measure would allow the City, if permitted by law, to consider an employer's record of noncompliance in deciding whether to enter into a contract with the employer or grant land use approvals or other permits to the employer, and would permit the City to impose conditions on such approvals to ensure future compliance. However, it is not certain under what circumstances the law would permit the City to consider an employer's record of noncompliance in granting or denying a land use approval or other entitlement to expand or operate in the City, or allow the City to impose conditions on such approvals to ensure future compliance.

This measure was placed on the ballot by a petition signed by the requisite number of voters. A "yes" vote for the measure will approve the provisions described above; a "no" vote will reject the provisions. A majority vote is required for passage.

s/BARBARA J. PARKER  
City Attorney

**CITY AUDITOR'S IMPARTIAL ANALYSIS OF MEASURE FF**

Measure FF would amend the City of Oakland's (City) Municipal Code and impact businesses paying employees below \$12.25 per hour and individuals earning below \$12.25 per hour. Beginning on March 2, 2015, Measure FF would:

- Require a minimum hourly wage of \$12.25, which will be adjusted annually for inflation
- Require employers to provide paid sick leave to employees
- Require hotel, restaurant, and banquet facility operators/employers to pay all service charges collected directly to the employees providing those services
- Provide employees the right to bring action against employers to enforce and remedy violations and bar retaliation
- Grant the City access to all work sites and relevant records to monitor, investigate, and enforce compliance

Financial Impact

There are both direct and indirect costs of Measure FF that will impact the City. The total estimated cost to the City is at least \$2.14 to \$2.46 million.

Direct costs include increased rates for two City positions that are currently earning below \$12.25 per hour. There are approximately 334 employees in these classifications. The estimated direct cost to the City is \$479,832 to \$575,556.

Position	Filled Positions	Average Hours Worked Per Year <sup>A</sup>	Current Cost to City	Measure FF Cost to City	Cost Increase
Recreation Aide	207	58,170	\$713,990 to \$867,895	\$971,820 to \$1,181,253	\$257,830 to \$313,358
Recreation Attendant I	127	42,669	\$647,677 to \$794,902	\$869,679 to \$1,057,100	\$222,002 to \$262,198
<b>TOTAL DIRECT COST INCREASE</b>				<b>\$479,832 to \$575,556</b>	

<sup>A</sup> FY 2012-13 and 2013-14

Indirect costs include rate increases for indirectly impacted classifications, education and outreach costs, and enforcement costs. The estimated indirect cost to the City is at least \$1.66 to \$1.89 million. However, as shown in the table below, two potential, indirect costs are unknown and cannot be estimated at this time.

## ARGUMENT IN FAVOR OF MEASURE FF

Indirect Cost Type	Estimated Cost
1. Hourly rate increases for seven related positions (totaling 347 employees) in order to maintain a pay-scale hierarchy within the classification series	\$1.29 to \$1.52 million <sup>a</sup>
2. Hourly rate increases, for other classifications, unknown at this time, that could be impacted in order to maintain a pay-scale hierarchy within the City	Unknown
3. Education and outreach to employers and employees	\$178,000 <sup>b</sup>
4. Staff to investigate and enforce the minimum wage (1.5 employees)	\$189,195 <sup>c</sup>
5. Legal expenses to enforce the minimum wage	Unknown
<p><sup>a</sup> Adjusting salaries requires a process between the City and Unions, thus, the actual impact is unknown</p> <p><sup>b</sup> Estimate based on another jurisdiction's outreach costs for recent changes to its city-wide labor provisions. This covers the initial cost only; additional outreach costs may be required in subsequent years.</p> <p><sup>c</sup> Estimate based on hiring at Step 3</p>	

Additionally, the City may have to reduce its Workforce Training Programs and grant-funded, Senior Aide positions. For example, according to City staff, the Workforce Training Programs pay approximately \$10 per hour. Paying \$12.25 per hour could result in the City funding fewer positions.

This analysis is based on the best data available at the time; however, actual results may vary from these estimates.

s/COURTNEY A. RUBY, CPA, CFE  
City Auditor

Measure FF is about fairness.

People who work hard should be able to make ends meet. Measure FF will give an estimated 48,000 low-wage workers a raise to \$12.25 per hour. It will also allow workers to earn paid sick days and protect against wage theft.

This measure is fair to workers.

It is also fair to taxpayers. A mother of two who works full time for minimum wage should not be forced onto government assistance to make ends meet. This measure is fair to taxpayers because we will not be forced to subsidize businesses that pay a sub-standard wage.

It is fair to businesses. In cities throughout the region, when the minimum wage was raised, jobs were created and businesses grew. Raising the minimum wage will allow Oakland workers to earn an additional \$120 million, which they will spend in our local economy.

*"A citywide minimum wage can help make the economy more equitable without harming economic growth," Michael Reich, Director, UC Berkeley Institute for Research on Labor and Employment.*

It is fair to customers. Measure FF will allow more than 50,000 workers to earn sick days, keeping our workforce and customers healthy.

The effort to gather signatures from more than 32,682 voters to put this measure on the ballot was led by the Lift Up Oakland coalition made up of:

ACCE Action  
East Bay Alliance for a Sustainable Economy  
Restaurant Opportunities Center of the Bay  
SEIU Local 1021  
SEIU United Long Term Care Workers  
United Food and Commercial Workers Local 5  
UNITE HERE 2850

We believe that to lift up our community, we have to give low-wage workers a raise.

Please join us.

The Lift Up Oakland Coalition  
[www.LiftUpOakland.org](http://www.LiftUpOakland.org)

s/Gary F. Jimenez  
The Lift Up Oakland Coalition

**NO ARGUMENT AGAINST MEASURE FF WAS SUBMITTED.**

## FULL TEXT OF MEASURE FF

### “OAKLAND MUNICIPAL CODE CHAPTER 5.92. CITY MINIMUM WAGE, SICK LEAVE, AND OTHER EMPLOYMENT STANDARDS

#### Sec. 5.92.010. Definitions

As used in this Chapter, the following capitalized terms shall have the following meanings:

“City” shall mean the City of Oakland.

“Employee” shall mean any person who:

- a. In a particular week performs at least two (2) hours of work within the geographic boundaries of the City for an Employer; and
- b. Qualifies as an employee entitled to payment of a minimum wage from any employer under the California minimum wage law, as provided under Section 1197 of the California Labor Code and wage orders published by the California Industrial Welfare Commission.

“Employer” shall mean any Person who directly or indirectly (including through the services of a temporary services or staffing agency or similar entity) employs or exercises control over the wages, hours or working conditions of any Employee.

“Paid Sick Leave” shall mean paid “sick leave” as defined in California Labor Code § 233(b)(4), except that the definition here extends beyond the Employee’s own illness, injury, medical condition, need for medical diagnosis or treatment, or medical reason, to also encompass time taken off work by an Employee for the purpose of providing care or assistance to other persons specified below with an illness, injury, medical condition, or need for medical diagnosis or treatment.

“Minimum Wage” shall have the meaning set forth in Section 5.92.020 of this Chapter.

“Person” means an individual corporation, partnership, limited partnership, limited liability partnership, limited liability company, business trust, estate, trust, association, joint venture, agency, instrumentality, or any other legal or commercial entity, whether domestic or foreign.

“Small Business” shall mean an Employer for which normally fewer than ten persons work for compensation during a given week, including persons employed outside the City. The City Council is authorized to adopt regulations further defining “small business” for businesses with fluctuating numbers of employees. In determining the number of persons performing work for an employer during a given week, all persons performing work for the same business enterprise for compensation on a full-time, part-time, or temporary basis shall be counted, including persons made available to work through the services of a temporary services or staffing agency or similar entity.

#### Sec. 5.92.020. Minimum Wage.

A. Employers shall pay Employees no less than the Minimum Wage for each hour worked within the geographic boundaries of the City.

B. Beginning on the 2nd of March, 2015, the Minimum Wage shall be an hourly rate of \$12.25. To prevent inflation from eroding its value, beginning on the 1st of January

2016, and then each year thereafter on the 1st of January, the Minimum Wage shall increase by an amount corresponding to the prior calendar year’s increase, if any, in the Consumer Price Index for urban wage earners and clerical workers for the San Francisco-Oakland-San Jose, CA metropolitan statistical area (or if such index is discontinued, then in the most similar successor index).

#### Sec. 5.92.030. Paid Sick Leave

##### A. ACCRUAL OF PAID SICK LEAVE.

1. Paid Sick Leave shall begin to accrue as of the 2nd of March, 2015. For Employees hired by an Employer after March 2, 2015, the Employee shall not be entitled to use Paid Sick Leave until after 90 calendar days of employment with the Employer.
2. For every 30 hours worked after Paid Sick Leave begins to accrue for an Employee, the Employee shall accrue one hour of Paid Sick Leave. Such leave shall accrue only in hour-unit increments; there shall be no accrual of a fraction of an hour of such leave.
3. For Employees of Small Businesses, there shall be a cap of 40 hours of accrued Paid Sick Leave. For Employees of other Employers, there shall be a cap of 72 hours of accrued Paid Sick Leave. Accrued Paid Sick Leave for Employees carries over from year to year (whether calendar year or fiscal year), but is limited to the aforementioned cap. Nothing herein precludes an Employer from establishing a higher cap or no cap on the number of accrued hours.
4. If an Employer has a paid leave policy, such as a paid time off policy, that makes available to Employees an amount of paid leave that may be used for the same purposes as Paid Sick Leave under this Chapter and that is sufficient to meet the requirements for accrued Paid Sick Leave as stated in subsections (a)-(c), the Employer is not required to provide additional Paid Sick Leave.
5. An Employer is not required to provide financial or other reimbursement to an Employee upon the Employee’s termination, resignation, retirement, or other separation from employment, for accrued Paid Sick Leave that the Employee has not used.

##### B. USE OF PAID SICK LEAVE.

1. An Employee may use Paid Sick Leave not only when he or she is ill or injured or for the purpose of the Employee’s receiving medical care, treatment, or diagnosis, as specified more fully in California Labor Code § 233(b)(4), but also to aid or care for the following persons when they are ill or injured or receiving medical care, treatment, or diagnosis: Child; parent; legal guardian or ward; sibling; grandparent; grandchild; and spouse, registered domestic partner under any state or local law, or designated person. The Employee may use all or any percentage of his or her Paid Sick Leave to aid or care for the aforementioned

persons. The aforementioned child, parent, sibling, grandparent, and grandchild relationships include not only biological relationships but also relationships resulting from adoption; step-relationships; and foster care relationships. "Child" includes a child of a domestic partner and a child of a person standing in loco parentis. If the Employee has no spouse or registered domestic partner, the Employee may designate one person as to whom the Employee may use paid sick leave to aid or care for that person in lieu of a spouse or registered domestic partner. The opportunity to make such a designation shall be extended to the Employee no later than the date on which the Employee has worked 30 hours after Paid Sick Leave begins to accrue pursuant to this Chapter. There shall be a window of 10 work days for the Employee to make this designation. Thereafter, the opportunity to make such a designation, including the opportunity to change such a designation previously made, shall be extended to the Employee on an annual basis, with a window of 10 work days for the Employee to make the designation.

2. An Employer may not require, as a condition of an Employee's taking Paid Sick Leave, that the Employee search for or find a replacement worker to cover the hours during which the Employee is on Paid Sick Leave.
3. An Employer may require Employees to give reasonable notification of an absence from work for which Paid Sick Leave is or will be used.
4. An Employer may only take reasonable measures to verify or document that an Employee's use of Paid Sick Leave is lawful, and shall not require an Employee to incur expenses in excess of five dollars in order to show his or her eligibility for such paid leave.

#### **Sec. 5.92.040. Hospitality Service Charges**

##### **A. DEFINITIONS FOR THIS SECTION:**

1. "Service Charge" means all separately-designated amounts collected by a Hospitality Employer from customers that are for service by Hospitality Workers, or are described in such a way that customers might reasonably believe that the amounts are for those services, including but not limited to those charges designated on receipts under the term "service charge," "delivery charge," or "portage charge."
2. "Hospitality Employer" means a Person who owns, controls, or operates any part of a hotel or restaurant or banquet facilities within the City, including as a subcontractor thereto, but does not include any governmental agency.
3. "Hospitality Worker" means any individual who works for a Hospitality Employer and who performs a service for which a Hospitality Employer imposes a Service Charge. "Hospitality

Worker" does not include a managerial employee.

##### **B. HOSPITALITY EMPLOYERS' RESPONSIBILITIES**

1. Service Charges shall not be retained by the Hospitality Employer but shall be paid over in their entirety to the Hospitality Worker(s) performing services for the customers from whom Service Charges are to be collected. No part of these charges may be paid to supervisors except for any portion of their work time spent on nonsupervisory work serving these customers, and then at no higher rate of compensation than the average of what is paid other Hospitality Workers performing similar customer service. The Service Charges shall be distributed to the Hospitality Workers not later than the next payroll following the work or collection of the charge from the customer, whichever is later. Without limitation of the foregoing:
  - a. Service charges collected for banquets or catered meetings shall be paid to the Hospitality Workers who actually work the banquet or catered meeting;
  - b. Service charges collected for room service shall be paid to the Hospitality Workers who actually deliver food and beverage associated with the charge; and
  - c. Service charges collected for portage service shall be paid to the Hospitality Workers who actually carry the baggage associated with the charge.
2. This section does not apply to any tip, gratuity, money, or part of any tip, gratuity, or money that has been paid or given to or left for a Hospitality Worker by customers over and above the actual amount due for services rendered or for goods, food, drink, or articles sold or served to the customer.

#### **Sec. 5.92.050. Enforcement**

##### **A. RETALIATION BARRED**

1. A Person shall not discharge, reduce the compensation of nor otherwise discriminate against any Person for making a complaint to the City, participating in any of its proceedings, using any civil remedies to enforce his or her rights, or otherwise asserting his or her rights under this Chapter. Within 120 days of an Employer being notified of such activity, it shall be unlawful for the Employer to discharge any Employee who engaged in such activity unless the Employer has clear and convincing evidence of just cause for such discharge.
2. No Employer may fund increases in compensation required by this Chapter, nor otherwise respond to the requirements of this Chapter, by reducing the compensation of any non-management Employees nor by reducing the pension, vacation, or other non-wage benefits of any such

Employees, nor by increasing charges to them for parking, meals, uniforms or other items. If an Employer makes such adverse changes after the filing of the notice to circulate the petition giving rise to this Chapter but before this Chapter has become effective, then upon this Chapter's effective date, such Employer shall restore the conditions of the status quo ante.

#### B. WAIVER

Any waiver by an individual Employee of any of the provisions of this Chapter shall be deemed contrary to public policy and shall be void and unenforceable, except that Employees shall not be barred from entering into a written valid collective bargaining agreement waiving a provision of this Chapter if such waiver is set forth in clear and unambiguous terms. Any request to an individual Employee by an Employer to waive his or her rights under this Chapter shall constitute a violation of this Chapter.

#### C. RETENTION OF RECORDS

Each Employer shall maintain for at least three years for each Employee a record of his or her name, hours worked, pay rate, Paid Sick Leave accrual and usage, and Service Charge collection and distribution. Each Employer shall provide each Employee a copy of the records relating to such Employee upon the Employee's reasonable request.

#### D. NOTICE TO EMPLOYEES

Each Employer shall give written notification to each current Employee and to each new Employee at time of hire, of his or her rights under this Chapter. The notification shall be in all languages spoken by a more than 10% of the Employees, and shall also be posted prominently in areas at the work site where it will be seen by all Employees. The City Administrator is authorized to prepare sample notices and Employer use of such notices shall constitute compliance with this subsection.

#### E. CITY ACCESS

Each Employer shall permit access to work sites and relevant records for authorized City representatives for the purpose of monitoring compliance with this Chapter and investigating employee complaints of noncompliance, including production for inspection and copying of its employment records, but without allowing social security numbers to become a matter of public record.

#### F. CITY AUTHORIZED TO CONSIDER COMPLIANCE

City officials are hereby authorized to consider, to the maximum extent permitted by law, an Employer's record of noncompliance with this Chapter in making City decisions on City contracts and land use approvals and other entitlements to expand or operate within the City. The City is authorized to either deny approval or include conditions for approval ensuring future compliance by investigating complaints of noncompliance with this Chapter and rendering City decisions on the merits of such complaints. The City is authorized to award the same relief in its proceedings as a court may award. Pursuit of such administrative remedy shall not be a prerequisite for pursuing a private action under this Chapter.

### 8. PRIVATE RIGHTS OF ACTION

Any Person claiming harm from a violation of this Chapter may bring an action against the Employer in court to enforce the provisions of this Chapter and shall be entitled to all remedies available to remedy any violation of this Chapter, including but not limited to back pay, reinstatement and/or injunctive relief. Violations of this Chapter are declared to irreparably harm the public and covered employees generally. The Court shall award reasonable attorney's fees, witness fees and expenses to any plaintiff who prevails in an action to enforce this Chapter. Any Person who negligently or intentionally violates this Chapter shall be liable for civil penalties for each violation with a maximum of \$1000 per violation, the amount to be determined by the court. No criminal penalties shall attach for any violation of this Chapter, nor shall this Chapter give rise to any cause of action for damages against the City.

### 9. NO PREEMPTION OF HIGHER STANDARDS

The purpose of this Chapter is to ensure minimum labor standards. This Chapter does not preempt or prevent the establishment of superior employment standards (including higher wages) or the expansion of coverage by ordinance, resolution, contract, or any other action of the City or Port of Oakland. This Chapter shall not be construed to limit a discharged Employee's right to bring a common law cause of action for wrongful termination.

### 10. SEVERABILITY

If any provision or application of this Chapter is declared illegal, invalid or inoperative, in whole or in part, by any court of competent jurisdiction, the remaining provisions and portions thereof and applications not declared illegal, invalid or inoperative shall remain in full force or effect. The courts are hereby authorized to reform the provisions of this Chapter in order to preserve the maximum permissible effect of each subsection herein. Nothing herein may be construed to impair any contractual obligations of the Port or City of Oakland. This Chapter shall not be applied to the extent it will cause the loss of any federal or state funding of City or Port activities."