

ITEM 3.5: CITY LIVING WAGE POLICY 3-3

*Revisions to Council Policy 3-3, Relating to Living Wage
Setting the Methodology of Annual Rate Adjustments*

Matt Loesch, *Director of Public Works*

Background

- 1998 - City's Living Wage was established
- 1999-2013 - Multiple revisions providing clarification of intent and application, liquidated damages, and Labor Peace
- 2008 - City Council adopted Airport Living Wage Ordinance (ALWO)
- 2010 - ALWO amended wage adjustment methodology to utilize Consumer Price Index

Current City Living Wage Annual Adjustment Methodology

- Annual adjustment methodology requires changes in:

$$\begin{array}{l} \text{Federal Poverty Income} \\ \text{Standard for Family of 3} \end{array} + \begin{array}{l} \text{Geographic Accessor} \\ \text{Factor} \end{array} = \text{San Jose Living Wage Rate}$$

- Historically the Geographic Accessor Factor requires use of private, third-party data
 - Discrepancies and inconsistencies when compared to City Departments data

Analysis California Living Wage/ Minimum Compensation Policies

- Approximately 21 cities and counties in California have living wage or minimum compensation policies
- City of San José is the highest at \$26.73, Ventura lowest at \$15.43 hour
- All cities and counties, including City's ALWO, annual adjustment based on Consumer Price Index

Consumer Price Index CPI-U / CPI-W

CPI- U (Local Geographic)

- Introduced 1978
- Covers 93% of U.S Population (professionals, self-employed, retirees, urban wage earners)
- Most commonly cited inflation measure
- Broader, more representative measure of inflation
- Airport Living Wage Ordinance

CPI-W (National Only)

- Introduced 1919
- Covers 29% of population (households with 50% income from clerical or wage jobs or one household member employed 37+ weeks annually)
- More focused on working-class households, more weigh on transportation, food, and housing
- Used for Social Security COLA

Recommendation

Adopt a resolution approving revisions to City Council Policy 3-3 and repealing Resolution No. 76911 setting the methodology for annual adjustments for the City's Living Wage rate to align with the City's Airport Living Wage rate methodology for the City's new Living Wage rate, effective July 1, 2026.

Q & A

Matt Loesch, Director of Public Works