

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the Citywide Minimum Wage Ordinance and proposed paid sick leave policy.

Recommendations for Council action:

1. NOTE and File the April 8, 2016 Chief Legislative Analyst (CLA) report relative to the State of California Minimum Wage Law.
2. INSTRUCT all City Departments to provide the CLA with a report on Department data sources that provide information on economic and business activity in the City of Los Angeles.
3. REQUEST the City Attorney to prepare and present an Ordinance to create a paid sick leave policy in the City of Los Angeles that is modeled after State law and with the following provisions:
 - a. An employee who, on or after July 1, 2016, works in the City for the same employer for 30 days or more within a year from the commencement of employment, is entitled to paid sick leave.
 - b. Paid sick leave shall begin on the first day of employment or July 1, 2016, whichever is later.
 - c. An employee may use paid sick leave beginning on the 90th day of employment or July 1, 2016, whichever is later.
 - d. Employees will be entitled to take 48 hours of leave per calendar year, that must be provided up front by the employer, or accrued at the rate of 1 hour per every 30 hours worked.
 - e. Accrued paid sick leave shall carry over to the following year of employment and may be capped at 72 hours; an employer may set a higher cap or no cap at all.
 - f. If an employer has a paid leave or paid time off policy, or provides payment for compensated time off, that is equal to or no less than 48 hours, no additional time is required.
 - g. An employer shall provide paid sick days upon the oral or written request of an employee for themselves or a family member, as defined by State law, or for any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship; no documentation is required.
 - h. An employer is not required to provide compensation to an employee for accrued or unused sick days upon termination, resignation, retirement, or other separation from employment.
 - i. If an employee separates from an employer and is rehired by the employer within one

year from the date of separation, previously accrued and unused paid sick time shall be reinstated.

j. Retaliation or discrimination against an employee who requests paid sick days or uses paid sick days or both is prohibited.

k. The City's paid sick leave policy will be enforced by the Office of Wage Standards.

Fiscal Impact Statement: None submitted by the CLA. The City Administrative Officer has not completed a financial analysis of this report.

Community Impact Statement: Yes

For:

Historical Highland Park Neighborhood Council

North Hollywood Northeast Neighborhood Council

Summary:

On June 23, 2015, your Committee considered a June 19, 2015 CLA report relative to providing compensated and uncompensated time off in connection with the Citywide Minimum Wage Ordinance. According to the CLA, on May 12, 2015, the Economic Development Committee approved a Citywide minimum wage policy, with a request that the City Attorney draft an ordinance to implement the policy. The policy approved by Committee included a provision that required employers to provide their employees compensated and uncompensated time off. When the matter was considered by the City Council on May 19, 2015, Council amended the policy to remove the provision for compensated and uncompensated time off, then instructed the CLA to provide a review of paid time off policies in other jurisdictions and provide recommendations concerning a sick leave policy.

The report provides a survey of paid time off policies adopted by local jurisdictions and the State of California. In addition to Los Angeles, nine other California cities have adopted paid time off policies. Four have included compensated time off as an employer requirement; one is considering adoption of such a policy; and four have not included such a policy. In addition, all three of the City of Los Angeles wage policies previously adopted included compensated time off requirements. Finally, the State will require that employers provide a minimum of 24 hours or three days of paid leave for all employees beginning July 1, 2015. After consideration and having provided an opportunity for public comment, the Committee moved to continue the matter.

Subsequently, on March 22, 2016, the Committee also considered a March 18, 2016 Joint CLA/CAO report relative to follow-up policy elements in connection with the Citywide Minimum Wage Ordinance. According to the CLA/CAO, on June 3, 2015, Council adopted an Ordinance to implement a Citywide minimum wage that would require employers to pay their employees a minimum wage of \$15 per hour by 2021, according to an adopted wage rate schedule. As part of those actions and in other Motions, Council instructed the CLA and CAO to report on four policy matters for additional consideration:

a. Compensated and Uncompensated Time Off

- b. Collective Bargaining Agreements
- c. Service Charges
- d. Definition of Employer and Employee

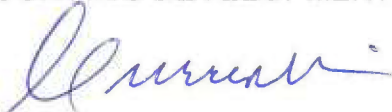
The March 18, 2016 Joint CLA/CAO report provides a review of policy options on the first three of the above topics; a report will follow later concerning the fourth. If Council chooses to amend the ordinance to incorporate policy actions on these topics, the City Attorney would need to be requested to prepare and present an Ordinance to do so. In addition, preliminary research and planning has been conducted concerning the periodic economic review of the minimum wage law. The CLA and CAO have met with data experts to identify relevant data sources and to develop plans to build a data warehouse to meet the analytical requirements of the law. City Departments should be instructed to participate by providing relevant data for review and inclusion in the data warehouse. After consideration and having provided an opportunity for public comment, the Committee moved to continue this matter.

On April 12, 2016, your Committee also considered an April 8, 2016 CLA report relative to follow-up policy elements in connection with the Citywide Minimum Wage Ordinance. According to the CLA, on March 28, 2016, Governor Jerry Brown announced a plan to increase the State minimum wage through the legislative process to \$ 15 an hour by 2022 for businesses with 26 or more employees and \$15 an hour by 2023 for all businesses. The proposal was considered and approved by the Assembly and Senate on March 31, 2016, and signed into law by the Governor on April 4, 2016. Increases to the State's minimum wage law will occur incrementally over time. The Governor will be able to temporarily suspend a scheduled wage increase if certain conditions are met with regard to a decrease in employment or retail sales, or circumstances related to a deficit in the State budget. The law also ensures that the minimum wage and paid sick leave laws apply to providers of in-home supportive services.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the March 18, 2016 and April 8, 2016 Joint CLA/CAO and CLA reports, respectively (Recommendation Nos. 1-2). Also, the Committee moved to recommend requesting the City Attorney to prepare and present an Ordinance to create a paid sick leave policy in the City of Los Angeles that is modeled after State law as detailed above in Recommendation No. 3. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	ABSENT
HARRIS - DAWSON:	YES
KREKORIAN:	YES

MARTINEZ:

YES

ARL

4/12/16

-NOT OFFICIAL UNTIL COUNCIL ACTS-