



Legislation Text

File #: 22-0907, **Version:** 1

Recommendation to request City Council to receive and file an Economic Impact Report for a proposed Long Beach Minimum Wage for Healthcare Workers pursuant to Election Code Section 9212; take action on the Initiative Ordinance pursuant to Election Code Section 9215; and, direct City Manager on any other related activities. (Citywide)

On June 6, 2022, proponents of the Long Beach Minimum Wage for Healthcare Workers petition submitted signatures to the City Clerk in support of their proposed Initiative Ordinance pursuant to Elections Code Section 9215. Subsequently, the City Clerk requested signature verification services of the Los Angeles County Registrar-Recorder/County Clerk (LACRRCC).

On June 14, 2022, while the initiative was pending LACRRCC review, the City Council directed the City Manager to work with the Economic Development Department to prepare an Economic Impact Report for the proposed Long Beach Minimum Wage for Healthcare Workers Initiative Ordinance (Economic Impact Report) pursuant to Election Code 9212.

City staff reached out to consultants and academic institutions to assist in the development of the proposed Economic Impact Report. They all expressed concern with the timing and the type of research and data collection required for a thorough analysis of the Initiative Ordinance. The Los Angeles County Economic Development Corporation (LAEDC), expressed an interest, but indicated a need to reduce the scope of the report. This would allow a report to be completed with enough time for the City Council to consider any actions associated with the November ballot deadlines. The Economic Development Department contracted with the LAEDC to complete the Economic Impact Report with a revised and limited scope (Exhibit A).

On July 5, 2022, the LACRRCC notified the City Clerk that sufficiency of signatures was met for the proposed Initiative Ordinance and provided a Certificate of Completion. This Certificate of Completion was presented to the City Council on July 19, 2022. Pursuant to Elections Code Section 9212, the City Council directed that the Initiative Ordinance be brought to City Council on August 2, 2022 to be considered along with presentation of the Economic Impact Report.

The Initiative Ordinance under consideration would require employers to pay a minimum wage of no less than \$25 per hour to healthcare workers for any hours worked within Long Beach. This would apply to job descriptions and facilities further described in the attached Notice of Intent (Exhibit B). The proposed Initiative Ordinance further includes annual CPI adjustments, prohibitions on wage and benefit modifications meant to offset the wage

increase, and measures to prohibit employers from engaging in any retaliation against healthcare workers for enforcing their right to the \$25 per hour minimum wage. Finally, the Initiative Ordinance proposes that the City of Long Beach (City) would be responsible for enforcement of the Ordinance.

Economic Impact Report:

The LAEDC prepared the Economic Impact Report. Generally, the scope of the Report includes the following broad tasks:

- Task 1: Review of the Minimum Wage Proposal
- Task 2: Minimum Wage Theory and Evidence w/ Concentration on Healthcare Industry
- Task 3: The Healthcare Industry in Long Beach.
- Task 4: Long Beach Relocation/Survival Vulnerability Assessment
- Task 5: Economic Impact Analysis Using Existing Empirical Evidence and Data
- Task 6: Stake Holder Viewpoints
- Task 7: Key Findings

The Economic Impact Report was presented to the Economic Development Commission on August 1, 2022, and comments and input from that meeting are included as an appendix to the report. Due to the tight timeframe for the creation of the Economic Impact Report, LAEDC used a mix of existing and available data and an electronic survey to solicit feedback. The survey was provided to healthcare workers, labor organizations, healthcare industry associations, and patients' rights and advocacy groups, including over 750 independent healthcare entities connected to or operating within Long Beach.

In addition to the analysis provide by LAEDC, the City's Financial Management Department has prepared cost estimates for City enforcement of the Initiative Ordinance. Including additional required staffing and consulting needs, enforcement could cost in excess of \$1,200,000 annually.

The attached Economic Impact Report (Exhibit A) is provided in response to the City Council's June 14, 2022 request, and pursuant to Elections Code Section 9215. The City Council may now proceed with actions associated with the originally submitted Initiative Ordinance.

Next Steps

After the City Council considers the Economic Impact Report presentation they are required by the Elections Code to take one of the following two actions:

- 1) Adopt the Initiative Ordinance, without alteration, within 10 days after it is presented.

- 2) Submit the ordinance, without alteration, to the voters pursuant to Elections Code Section 1405.

The City Manager may also be directed by the City Council to take other associated actions at this time. Additionally, pursuant to Elections Code Section 9215.5, the proponent of the Initiative Ordinance may withdraw the initiative at any time before the 88th day before the election, August 12, 2022. (add this date).

This matter was reviewed by Deputy City Attorney Erin Weesner-McKinley and Director of Financial Management Kevin Riper on July 22, 2022.

City Council action is requested on August 2, 2022, to comply with California Elections Code requirements.

City enforcement of the Initiative Ordinance would require a minimum of four new staff positions and consultant expertise. This is expected to result in an estimated annual expense to the General Fund Group in the amount of \$1.2 million, plus or minus 10 percent. Initial establishment of this enforcement group may result in additional start-up expenses in its first year. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. Significant local job impacts will likely result from this recommendation.

Approve recommendation.

JOHNNY M. VALLEJO
ACTING DIRECTOR
ECONOMIC DEVELOPMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER