

**ECONOMIC DEVELOPMENT
AND TECHNOLOGY
COMMITTEE**

NOVEMBER 19, 2015

CORRESPONDENCE

Jomsky, Mark

Subject: FW: Minimum wage in Pasadena...

From: Egebjerg, Chris (US - MCS) [mailto:Chris.Egebjerg@meggitt.com]

Sent: Saturday, November 14, 2015 7:11 PM

To: Beck, Michael

Subject: Minimum wage in Pasadena...

Good evening,

I am writing you this letter in regards to the big push right now for the minimum wage to be increased to \$15 in Pasadena.

I have seen in social media as well as in person, plenty of support for this but I wanted to reach out to you and explain my strong opposition to this campaign.

In my career I started out as a non-skilled worker just out of high school who wanted a job so that I could afford to buy a car and live on my own.

Knowing at that time that making minimum wage wouldn't bring me what I wanted I decided that I needed to either go to college to further my education and get a much better paying job or learn a trade.

I started working for my father in his machine shop in hopes of becoming a precision machinist and earn my journeyman machinist's card.

This process included 1 night class each semester along with working full time in a machine shop. After 4 years I accomplished my goal and went on to be a full time precision machinist. After working there for 12 years I became shop foreman.

Upon my father retirement together with my sister ran our family business for another 15 years.

So yes I have been a business owner and very well understand how the push for everyone to start at \$15 would very easily make our business non-competitive in the industry.

What the proponents for this measure don't understand, if you start everyone at \$15, all those more skilled and more experienced employees that make between minimum wage and \$15 will demand a raise.

I have spoken to the owner of a local restaurant that we frequent for breakfast every week and asked him directly how the increase of the minimum wage would affect his business. He told me that would result in an increase of over 50% the cost of his salaries on a weekly basis. He said that salaries are the second highest cost of running his business right after the cost of the food and supplies to run his business, but if this increase happened salaries would then be the # 1 cost.

On another level, how can a non-skilled inexperienced worker demand \$15 when there are EMT's & Paramedics who are working to save lives every day and are making less than that? Those life savers who work for private ambulance companies (Not paid Fire Departments) earn less than \$15 and require passing a state certification which is a 6 month training class and passing a State exam while Paramedics have to take additional 6 months of training courses and additional certifications. All this and making less than \$15, so how is it that non skilled inexperienced workers seem to think they are worth \$15?

I am in support of the Pasadena Chamber of Commerce efforts to fight the increase of the minimum wage to \$15. This will have an big impact on local businesses, some may have to reduce their staff, some may have to lay off workers, some may have to raise their prices which could/would result in loss of business. Don't let the proponents lead you to believe because of some study or poll that most Pasadena residents are in favor of this. If you believe that let the voters decide this issue.

The minimum wage has never been intended to be enough to support a family. It is in most cases a first job for new workers entering the workforce. If someone wants to earn more, then they should continue their higher education and/or learn a trade.

Please include me if and when there are any meetings regarding this issue.

Thank you very much for your time,

Chris Egebjerg
1225 N. Michigan Avenue
Pasadena, CA 91104
(626) 840-1367

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Flores, Valerie

To: Jomsky, Mark
Subject: RE: City of Pasadena Minimum Wage Proposal – OPPOSE

From: Laura Peralta [<mailto:LPeralta@CAGrocers.com>]

Sent: Monday, November 02, 2015 1:00 PM

To: Tornek, Terry

Cc: Beck, Michael; Bagneris, Michele; Jomsky, Mark; Bell, Cushon; Chong, Cheynne; Morales, Margo; Cruz, Christian (Field Rep); West, Jana; Sullivan, Noreen; Thyret, Pam; De La Cuba, Vannia; Madison, Steve

Subject: City of Pasadena Minimum Wage Proposal – OPPOSE

Dear Mayor Tornek,

On behalf of the California Grocers Association (CGA), I write to inform you that our organization opposes an increase to the minimum wage in the City of Pasadena.

CGA is a non-profit, statewide trade association representing approximately 500 retail member companies operating over 6,000 food stores in California and Nevada, and approximately 300 grocery supplier companies. Retail membership includes chain and independent supermarkets, convenience stores and mass merchandisers.

California's minimum wage is currently \$9/hour and will increase to \$10/hour on January 1, 2016. We are concerned that the Pasadena City Council will be moving forward with voting to approve a Minimum Wage Proposal without waiting for any analysis of the economic impact of the State's increase. A proposed minimum wage measure to increase the City of Pasadena minimum wage to \$15 in the next few years would be an increase of over 50%, a drastic impact to businesses operating within city limits.

For an industry that only averages a 2% profit margin, a minimum wage increase of this magnitude would place an excessive financial burden on retailers. It would also put businesses within the City of Pasadena at a competitive economic disadvantage with jurisdictions that have a lower minimum wage and would especially have a negative disproportionate impact on smaller retailers. This can determine whether a store can be successful or if it has to start making difficult decisions. The inconsistency of having different minimum wages in a regional area and across the state would further hurt our members by creating a major operational problem for retailers operating both inside and outside of the city.

CGA opposes a measure to raise the minimum wage and believes any wage increase should be initiated statewide rather than locally to keep a level playing field. If you have any questions, please contact me at (818) 841-8640 or lperalta@cagrocers.com.

Best,

Laura V. Peralta

Director Local Government Relations, Southern California

CA Grocers Association

1020 N. Lake Street | Burbank, CA 91502

Tel: (818) 841-8640 | lperalta@cagrocers.com

www.cagrocers.com



November 2, 2015



The Honorable Terry Tornek
Mayor, City of Pasadena
100 N. Garfield Avenue, Room S228
Pasadena, CA 91109

RE: City of Pasadena Minimum Wage Proposal – OPPOSE

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Sincerely,

Laura Peralta

LAURA PERALTA

Director, Local Government Relations

CC: Councilmembers, City of Pasadena
Michael Beck, City Manager, City of Pasadena
Michele Beal Bagneris, City Attorney, City of Pasadena
Mark Jomsky, City Clerk, City of Pasadena

Why I Oppose a \$15 Minimum Wage in Pasadena

While a \$15 minimum wage law has obvious appeal to those who would like to do more to help the working poor in Pasadena and elsewhere, many economists who share that same goal, including myself, believe there are much better alternatives that don't end up hurting this very same group of workers. While a worker currently earning less than \$15 an hour will clearly gain from the minimum wage increase as long as she keeps her job and her working hours aren't reduced, in the longer run there are serious possible detrimental effects to a minimum wage increase of this magnitude, including a reduction in the future growth of jobs for low wage workers in Pasadena as well as a reduction in the on-the-job training that could otherwise accompany such jobs.

Readers will have no doubt heard the arguments advanced by some economists that a majority of studies have shown that the reduction in jobs that has resulted from the current minimum wage (and past increases in it) are quite modest, on the order of about a 3% reduction in employment for every 10% increase in the minimum wage. I actually do not quarrel with such consensus estimates. However, I would quickly note that these past studies have focused on increases in the minimum wage that are well below 50% of the median hourly wage; they have not dealt with increases of the magnitude proposed in Pasadena. That is why even *The Economist*, a respected weekly news magazine that supported Obama in the past two Presidential elections, recently characterized (in its July 23rd, 2015 edition) an increase in the minimum wage to \$15 per hour (or 77% of the median hourly wage) as "reckless". They wrote, "By moving towards sharply higher minimum wages, policymakers are accelerating into a fog. Little is known about the long-run effects of modest minimum wages. And nobody knows what big rises will do, at any time horizon." So, even if the job losses in the short run turn out to be relatively minor, over time the minimum wage increase can have two more serious detrimental effects on the plight of the working poor: 1) they can reduce the otherwise growth of new jobs for this group of low skilled workers as employers substitute more new technology (think of McDonald's) or locate to cities without a \$15 minimum wage; and 2) the jobs that are offered will provide less on-the-job training than they otherwise would. The latter effect is not often noted but is especially important to the future productivity of low skilled workers, since their lack of skills is the main culprit in their poor earnings prospects. Firms simply can't afford to pay these workers \$15 an hour AND to provide such on-the-job training. The reduction in the growth of jobs for these low skilled workers going forward will be magnified if there are surrounding cities that do NOT increase their minimum wage laws to \$15/hr.

These are some of the reasons that many economists who want to help the working poor favor the federal Earned Income Tax Credit (EITC), which is the most important policy at the federal level for aiding such workers. I favor the federal EITC as well as recent proposals by the State of California to offer its own state EITC to complement the federal policy. The EITC is better targeted at low income households than the minimum wage, and it relies on federal taxpayers to deliver the more than \$62.9 billion in benefits to 27.9 million families (as of 2011), *without the detrimental effects noted above*. My final argument is that unlike the EITC, an increase in the minimum wage penalizes the very groups that are currently helping low wage workers the most, namely the owners and customers of those firms that are currently employing such workers. How fair is that?

Robert L. Moore, Elbridge Amos Stuart Professor of Economics, Occidental College.

L.A. County sets up wage enforcement program to police new minimum wage rules

Abby Sewell Contact Reporter

In the wake of this summer's decision to hike the minimum wage in unincorporated areas to \$15 by 2020, Los Angeles County supervisors voted Tuesday to set up a new division to go after employers who violate the wage law.

Details of how the enforcement program will work and what penalties will apply to offending employers remain to be worked out. As part of the program, the county could revamp its business permitting system to require more businesses in unincorporated areas to get county licenses. The move to create a wage enforcement program was hailed by labor groups that had pushed for such a program, saying that without it, many workers will not actually benefit from the higher minimum wage.

"It sends a strong message to employers, especially those that don't play by the rules," said Supervisor Hilda Solis, who led the push for an enforcement division along with Supervisor Mark Ridley-Thomas. "Now there will be a spotlight." Some of her colleagues questioned why the county should create its own program when there are already state and federal agencies tasked with enforcing labor laws.

"I agree that wage theft is irresponsible and should be punished to the full extent of the law. We already have a state law," said Supervisor Michael D. Antonovich, who cast the sole dissenting vote.

Antonovich and Supervisor Don Knabe -- who ultimately voted in favor of the enforcement program -- argued that the state should be responsible for enforcement and that the approximately \$1.5 million the county expects to spend on it over the next year could pay for other programs. County attorney Judy Whitehurst acknowledged that there is some overlap between state, federal and local responsibilities. But because the county minimum wage law goes beyond the state's, the state is not required to enforce it, she said.

Advocates also complained of long backlogs in the state's existing enforcement program that mean workers who have been victims of wage theft often wait a year or more for their cases to be decided. "By the time they receive a judgment, businesses have changed their names, filed for bankruptcy or transferred their assets," said Scarlett De Leon, an advocate with Koreatown Immigrant Workers Alliance. "We need a local solution."

At the outset, the county wage enforcement division will only be responsible for investigating violations in unincorporated areas. The city of Los Angeles, which has also adopted a plan to get to a \$15 minimum wage by 2020, has created its own enforcement program.

Brian Stiger, director of the county's Department of Consumer and Business Affairs, said some of the 87 other cities in Los Angeles County might choose to contract with the county to enforce their wage rules, much as some of them contract with the Sheriff's Department for law enforcement services.

As part of developing the wage enforcement program, supervisors agreed to look at how cities around the county handle business licensing and consider expanding the requirement to all businesses in county unincorporated areas.

There are about 15,000 businesses in unincorporated areas, but only one-third of them are licensed by the county, which currently only requires licenses for businesses that have health or safety impacts. The supervisors asked for a report in 90 days that would cover the licensing requirements and also detail the new enforcement program, including how investigators would subpoena records such as time cards and pay stubs, and what the penalties would be for businesses that violate the wage rules.