

## **CITY AUDITOR'S IMPARTIAL FINANCIAL 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.

<b>Indirect Cost Type</b>	<b>Estimated Cost</b>
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
<sup>A</sup> Adjusting salaries requires a process between the City and Unions, thus, the actual impact is unknown <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. <sup>C</sup> Estimate based on hiring at Step 3	

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.

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