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FEB 6 2014  
City Manager's Office

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Becker Aguirre

**SUBJECT:** AIRPORT LIVING WAGE  
ORDINANCE RATE INCREASE

**DATE:** February 5, 2014

Approved

Date

2/6/14

## INFORMATION

### AIRPORT LIVING WAGE ORDINANCE RATES EFFECTIVE JULY 1, 2014

On January 16, 2014, the U.S. Department of Labor released its 2013 Consumer Price Index (CPI) for All Urban Consumers (U). For the San Francisco-Oakland-San José area, the CPI-U increased 2.24%. Based on this information, the minimum compensation under the Airport Living Wage Ordinance at the Norman Y. Mineta San José International Airport will increase by \$.31 per hour.

Effective July 1, 2014, all Airport Businesses will be required to provide their Covered Employees the following Minimum Compensation:

1. If qualifying minimum health insurance benefits are provided, compensation of no less than fourteen dollars and thirteen cents (\$14.13) per hour.
2. If qualifying minimum health insurance benefits are not provided, compensation of no less than fifteen dollars and thirty-eight cents (\$15.38) per hour.

Mineta San José International Airport staff will notify Airport Businesses of the increase via e-mail and the Internet.

## BACKGROUND AND METHODOLOGY

Prior to January 1, 2011, ALWO wage adjustments were calculated on an annual basis using the same methodology as the City's Living Wage Policy (Resolution 68900) wage adjustments. Hourly rate adjustments were based on any change as of December 31 of the previous year in the federal poverty level standard for a family of three established by the U.S. Department of Health and Human Services or the geographic cost of living differential used by the City in determining the initial wage adjustment.

On December 14, 2010, the San José City Council adopted amendments to the ALWO (Chapter 25.11 Airport Living Wage and Labor Standards). As of January 1, 2011, minimum compensation is reviewed annually; however, the methodology used for rate adjustments is based on any change in the CPI-U, published by the U.S. Department of Labor, Bureau of Labor Statistics. If the CPI has not increased or if the CPI has declined, the minimum compensation shall remain unchanged. The minimum compensation adjustments are effective the following July 1.

This table shows the ALWO rate adjustments and the adjustment factors since the adoption of the Ordinance

<b>Effective Date</b>	<b>Geographic or CPI Adjustment Factor</b>	<b>ALWO Rate With Benefits</b>	<b>ALWO Rate Without Benefits</b>
July 1, 2014	2.2420%	\$14.13	\$15.38
July 1, 2013	2.6822%	\$13.82	\$15.07
July 1, 2012	2.6030%	\$13.46	\$14.71
July 1, 2011	1.3699%	\$13.12	\$14.37
July 1, 2010	0.7308%	\$12.94	\$14.19
January 1, 2009		\$12.83	\$14.08

/s/  
Kim Becker Aguirre  
Director of Aviation

For questions, contact Karla Enany, Contract Compliance Coordinator, at 408-392-3640.

