

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Welsh

**SUBJECT: RESULTS OF RFP FOR
MINIMUM WAGE
RESEARCH**

DATE: December 18, 2015

Approved



Date

12/18/15

INFORMATION

This purpose of this Information Memo is to inform City Council that the Institute for Research on Labor and Employment at UC Berkeley has been selected through the Request for Proposal process to conduct the research requested by City Council on a potential increase in the minimum wage.

Background

On September 15, 2015, the City Council directed the City Manager to hire an economist/economics firm to study a potential increase of the minimum wage to \$15 per hour. Council directed that the firm be independent and widely regarded and that the consultant be selected and managed in an unbiased manner and in consultation with key stakeholders. Council identified a range of specific elements to be studied.
(<http://www.sanjoseca.gov/DocumentCenter/View/48616>)

RFP Process

OED staff established an Advisory Team that includes Bob Brownstein, Policy Director for Working Partnership; Matt Mahood, President/CEO of the San Jose/Silicon Valley Chamber of Commerce; and Rod Sinks, Mayor of Cupertino, representing the Santa Clara County Cities Association. The Advisory Team provided input to the RFP Scope of Services
(<http://www.sanjoseca.gov/DocumentCenter/View/486170>). The RFP was posted in BidSync on October 20. Staff and Advisory Team members created a list of organizations and individuals who have done minimum wage research nationally and proactively emailed the RFP announcement to them.

On the November 6 due date, the City received responses from two organizations: the Institute for Research on Labor and Employment (IRLE) and CorCom.

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Proposals were evaluated by the Advisory Team (Brownstein, Mahood, Sinks) and City staff (John Lang, Kim Welsh) according to five criteria: "Completeness of Proposal Relative to Defined Scope of Services", "Qualifications and Experience", and "Fee for Service". No points were awarded to either respondent for "Local Business Enterprise" or "Small Business Enterprise." IRLE scored significantly higher on the rankings, and all Advisory Team Members agreed with the selection of IRLE.

However, as part of review, the Advisory Team recommended addition of a countywide employer opinion survey so that information can be collected from employers about how they perceive potential minimum wage impacts--positive and negative--and their anticipated response. The random sample phone survey will be conducted by BW Research as a subcontract to IRLE.

The cost for IRLE's research services is \$87,378, and the additional cost of the employer opinion survey is \$29,600. The additional \$17,000 cost above the \$100,000 approved for the Minimum Wage Study City-wide appropriation included in the 2015-2016 Adopted Budget will be absorbed by the City Manager's Office budget.

Next Steps

Since the total amount of the agreement (\$116,978) is within the City Manager's signing authority (i.e., below \$270,000), the Agreement will not come to City Council for approval. The research work will begin immediately in January. A presentation of key findings is planned for public review and discussion in late April/early May, with a detailed final report delivered in August.

A final acknowledgement--John Lang, Chief Economist, is leaving City service effective December 30. John has been instrumental in this project, and so many others requiring deep analytic expertise and exceptional project management skills. John has agreed to serve on the Advisory Team from his new position in Morgan Hill. We thank him for his exceptional service to San José, and wish him well.

/s/

KIM WALESH

Economic Development Director

Deputy City Manager

For questions, please contact Kim Welsh, Economic Development Director/Deputy City Manager at (408) 535-8177.

