

Memorandum

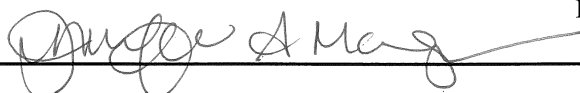
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: John Aitken

SUBJECT: AIRPORT LIVING WAGE
ORDINANCE RATE INCREASE

DATE: March 14, 2018

Approved



Date

3-14-18

INFORMATION

AIRPORT LIVING WAGE ORDINANCE RATES EFFECTIVE JULY 1, 2016

In January 2018 the U.S. Department of Labor released the full year of 2017 Consumer Price Index (CPI) for All Urban Consumers (U). For the San Francisco-Oakland-San José area, the CPI-U increased 3.22 percent in 2017. Based on this information, the minimum compensation under the Airport Living Wage Ordinance (ALWO) at the Norman Y. Mineta San José International Airport (Airport) will increase by \$0.49 per hour.

Effective July 1, 2018, 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 fifteen dollars and eighty-five cents (\$15.85) per hour.
2. If qualifying minimum health insurance benefits are not provided, compensation of no less than seventeen dollars and ten cents (\$17.10) per hour.

Mineta San José International Airport staff will notify Airport Businesses of the increase via e-mail and the Airport's website www.flysanjose.com.

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) in order to bring parity with other Bay Area airports and significantly reduce competitive disadvantages for the Airport. As of January 1, 2011, minimum compensation is reviewed annually; however, the methodology used for rate adjustments is based on annual average changes in the CPI-U for the San Francisco-Oakland-San José metropolitan area, published by the U.S. Department of Labor, Bureau of Labor Statistics. Since the methodology was amended, the percentage change in Airport Living Wage Ordinance rate adjustments is lower than the City's Living Wage Policy rate adjustments.

The Airport Living Wage Ordinance has increased at an average annual rate of 2.785 percent over the past five years. The CPI-U measures inflation as experienced in average household prices paid by urban consumers in their day-to-day living expenses, such as housing, food, clothing, medical care, electricity, transportation, education, and is utilized to adjust payments to purchase a market basket of goods and services at today's prices.

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

Effective Date	Geographic or CPI Adjustment Factor	ALWO Rate With Benefits	ALWO Rate Without Benefits
July 1, 2018	3.2214%	\$15.85	\$17.10
July 1, 2017	3.0057%	\$15.36	\$16.61
July 1, 2016	2.6140%	\$14.91	\$16.16
July 1, 2015	2.8414%	\$14.53	\$15.78
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/
 John Aitken, A.A.E.
 Director of Aviation

For questions, contact Magdalena Nodal, Senior Analyst, Airport, at 408-392-3673.