

**DRAFT**

**REPORT AND**

**RECOMMENDATIONS**

**OF THE TACOMA**

**MINIMUM WAGE TASK FORCE**

**PRESENTED TO TACOMA'S MAYOR AND CITY COUNCIL**

**29 June 2015**

*DRAFT 06-25-15 Edition #2*

# TABLE OF CONTENTS

Task Force Members	page 3
The Task Force's Recommendations	4
Mutual Interests and Points of Consensus	12
Key Findings	13
The Task Force's Process	14
The Staff Team	16
Appendices:	
▪ The Task Force's Work Plan	17
▪ The Task Force's Adopted Ground Rules	19
▪ Agendas and Summaries of the Task Force Meetings	22

## **TASK FORCE MEMBERS**

### **Abranna Romero Rocha**

Lincoln High School Student

### **David Strong**

Executive Director, AIDS Housing Association of Tacoma; Pastor, Spirit of Christ Community Church

### **Robert Taylor**

Member Field Director, SEIU 1199NW

### **Michelle Douglas**

Executive Director, Rainbow Center (former owner of Tempest Lounge)

### **Russ Heaton**

Owner, Doyle's Public House

### **Dr. Ali Modarres**

Director, Urban Studies Program, UW Tacoma

### **Brenda Wiest**

Legal Affairs Coordinator, Teamsters 117

### **Pastor Gregory Christopher**

Shiloh Baptist Church, Ministerial Alliance, NAACP, and 15Now

**Liz Dunbar**

Executive Director, Tacoma Community House

**Dennis Farrow**

Owner, Advanced Technology Construction, and Military Veteran

**Sarah Cherin**

Political and Public Policy Director, UFCW 21

**Reggie Frederick**

Owner, Chalet Bowl

**Odette D’Aniello**

Owner, Celebrity Cake Studio

**Eric Hahn**

Vice President, General Plastics; Workforce Central Board Member

**Kelly Chambers**

Owner, Visiting Angels (In-home CareService)

**THE TASK FORCE’S RECOMMENDATIONS**

The members of the Tacoma Minimum Wage Task Force agree that raising the minimum hourly wage in Tacoma from \$9.47 to \$15 on 1 January 2015 would be unprecedented and very difficult for small businesses and small non-profit organizations to implement. They also agree that raising the minimum wage should be done incrementally—in phases or steps over time.

While they agree on a number of elements of an alternative proposal to the initiative that will appear on the Tacoma ballot in November 2015, they did not reach unanimous agreement on a single alternative. The Task Force offers Mayor Strickland and the City Council two options for phasing in the increases in the minimum wage.

The two alternatives are:

# PROPOSAL A

Proposal A was endorsed on 25 June 2015 by the following Task Force members: Sarah Cherin, Pastor Gregory Christopher, Michelle Douglas, Liz Dunbar, Dr. Ali Modarres, Abranna Romero Rocha, Robert Taylor, David Strong, and Brenda Wiest,

## GOALS:

1. Achieve a minimum hourly wage of at least \$15 for everyone working in Tacoma by 2024.
2. Raise the minimum hourly wage for employees working for local, national, or global companies in Tacoma with 150 or more employees to \$15 by 2020.

## PROCESS AND TIMELINE:

Date	Hourly Minimum Wage: Organizations with 150 employees or more.	Hourly Minimum Wage Organizations with 149 employees or fewer.
January 1, 2016	\$ 9.77 (estimated)	\$ 9.77 (estimated)
July 1, 2016	\$11.00	\$11.00
January 1, 2017	\$12.00	\$11.50
January 1, 2018	\$13.00	\$12.00
January 1, 2019	\$14.00	\$12.50
January 1, 2020	\$15.00	\$13.00
2020	<b>ASSESSMENT:</b> City of Tacoma conducts an assessment of the impacts of the recent rise in the minimum wage on: a) small businesses and non-profits; b) minimum wage/low wage workers; and c) the city's economy in the context of Pierce County and the greater Puget Sound region.	
January 1, 2021	Previous Year + CPI increase * (Following year this is the new base.)	\$13.50 (including CPI increase. If MHW is \$13.33 because of CPI, this program would raise it an additional \$0.17 to reach \$13.50)
2021	<b>IMPLEMENT KEY FINDINGS:</b> City of Tacoma and business, labor, and community partners review the assessment's findings to determine strategies and goals to address them. Tacoma City Council adopts some as policies to strengthen	

small, local businesses and others as policies that are part of the City's comprehensive campaign to reduce poverty.

January 1, 2022	Previous Year + CPI Increase	\$14.00
January 1, 2023	Previous Year + CPI increase	\$14.50
January 1, 2024	Previous Year + CPI increase	\$15.00
January 1, 2025	Previous Year + CPI increase	\$15.00 + CPI increase
2026-2030	Sometime during these five years the City would adjust the minimum wage of employees of small businesses to achieve parity between the minimum hourly wages paid by small and large businesses.	

*\* The State of Washington estimates the CPI will rise 2.4% annually.*

## PROPOSAL B

Proposal B was endorsed on 25 June 2015 by the following Task Force members: Kelly Chambers, Odette D’Aniello, Dennis Farrow, Reggie Frederick, Eric Hahn, and Russ Heaton.

### GOAL:

Achieve a minimum hourly wage of at least \$12 for everyone working in Tacoma by 2019.

### PROCESS AND TIMELINE:

Date	Hourly Minimum Wage:
January 1, 2016	\$10.25
January 1, 2017	\$10.75
January 1, 2018	\$11.25
January 1, 2019	\$12.00
2019	<b>ASSESSMENT:</b> City of Tacoma conducts an assessment of the impacts of the recent rise in the minimum wage on: a) small businesses and non-profits; b) minimum wage/low wage workers; and c) the city’s economy in the context of Pierce County and the greater Puget Sound region.
starting on January 1, 2020 and continuing each year	Previous Year + CPI increase as per state law (which uses the CPI-W Index) *

\* The State of Washington estimates the CPI will rise 2.4% annually.

***HOLD FOR LETTER FROM ENDORSERS OF PROPOSAL A***

DRAFT

***HOLD FOR LETTER FROM ENDORSERS OF PROPOSAL B***

DRAFT

***HOLD FOR MATRIX WITH SIDE-BY-SIDE COMPARISON OF THE TWO PROPOSALS***

DRAFT

# MUTUAL INTERESTS AND POINTS OF CONSENSUS

At their first meeting on 28 May 2015, the Task Force members agreed that they share nine interests. These interests are principles or goals that guided them in addressing the issue of raising the minimum wage in Tacoma.

- Improve the quality of life for Tacoma's residents.
- Ensure the city's economy is strong, healthy, vibrant, and diverse.
- Produce recommendations that are fair, equitable, and balanced.
- Produce recommendations that anticipate and prepare for the longer-term future.
- Produce recommendations that address Tacoma's specific issues, strengths, challenges, and circumstances.
- Produce recommendations that are based on data and facts.
- Make the solutions as simple and efficient to implement as possible.
- Take into account the hidden costs of addressing or not addressing the issue.
- Anticipate, identify, and avoid unintended consequences.

At the meeting on 11 June, the Task Force members identified five points of consensus among them. These, too, influenced their initial and final proposals. They are:

1. Increases in the minimum hourly wage should be incremental and phased in over time until the goal is reached.
2. Once the goal has been reached, the minimum hourly wage should increase annually based on the Consumer Price Index (CPI) or another appropriate index.
3. Tacoma should allow the credits and exemptions in its minimum wage policy that the State of Washington currently allows. For example, young people ages 15 and 16 may be paid 85% of the state's minimum wage under existing state law. (In 2015 the law allows these young workers to be paid \$8.05 per hour because the current minimum wage is \$9.47.)
4. The Task Force's recommendations to Mayor Strickland and the City Council should be as clear and simple as possible in contrast to the initiative that will appear on the November 2015 ballot.
5. Additionally, recommendations submitted to the Mayor and Council should be as clear and simple as possible to minimize the costs of administration and enforcement.

## **KEY FINDINGS**

At the Task Force's meetings on June 1<sup>st</sup> and 4<sup>th</sup>, Dr. Ali Modarres, the Director of the UW Tacoma's Urban Studies Program and a Task Force member, provided data and information to help create a demographic profile of Pierce County and a profile of minimum wage workers in the county. Two University of Washington Tacoma economists hired by the City to assist the Task Force, Dr. Katie Baird, Associate Professor of Economics, Politics, Philosophy, and Public Affairs at the UW Tacoma, and Dr. Doug Wills, an Associate Professor of Economics at the Milgard School of Business, presented a paper that offered questions for the Task Force's consideration about the potential economic impacts of raising the minimum wage. They emphasized that different values and value judgments will guide the discussion more than data. Dr. Baird urged the Task Force to consider the various tradeoffs when making its recommendations. One of Dr. Wills' key points was that data will not yield easy answers but can provide a sense of how raising the minimum wage could affect both business and labor.

The summaries of the presentations are part of the final summaries of the Task Force meetings on June 1<sup>st</sup> and 4<sup>th</sup> and are included in the Appendices of this Report.

# THE TASK FORCE'S PROCESS

The Tacoma City Council established the Minimum Wage Task Force on 5 May 2015 when it adopted Resolution 39187. (A later resolution, 39194, expanded the Task Force's membership from thirteen to seventeen members by adding two Task Force members and two alternates.) The Council established the deadline of 30 June 2015 for the Task Force to develop recommendations to submit to the City.

Between May 19<sup>th</sup> and 27<sup>th</sup>, facilitator Jim Reid interviewed each Task Force member. Fifteen of the interviews were face-to-face meetings; the other two interviews were conducted by telephone. The interviews lasted between twenty-five and seventy-five minutes, with an average length of forty-five minutes.

Jim asked the Task Force members about their interests in the minimum wage issue and in this process. From these interviews Jim identified what he believed he heard were the mutual interests of the Task Force members. This list of nine mutual interests was discussed and approved by the Task Force at its first meeting on 28 May 2015.

The Task Force met eight times between May 28<sup>th</sup> and June 29<sup>th</sup> for a total of nearly eighteen hours. An indication of the Task Force members' commitment to the process was that 80% of the members attended all eight meetings or seven of the eight. This is particularly noteworthy because there were weeks during which the Task Force met twice for a total of five to six hours, and because many of the members had family and professional commitments that caused potential conflicts but could not be changed. At some meetings one or two Task Force member participated by telephone to balance those commitments with their commitment to this process. On top of all these activities, the US Open at Chambers Bay in mid-June was a temptation, but failed to lure away any members from the meetings.

*(A note about participation: Two Task Force members dropped out early in the process because their professional commitments precluded them from attending the meetings.)*

In addition, individual members of the Task Force reached out to their colleagues, associates, constituents, and friends to ensure they accurately represented and reflected the needs and concerns of their communities. During the process the facilitator also met with individual Task Force members or small groups to assist them in a variety of ways.

Task Force members were also very interested in hearing from the public. Because of the compressed time period the Task Force was given to complete its mandate, the members agreed at the first meeting to not hear public comments at their meetings, but to establish an efficient way for citizens, business owners, the representatives of special interest groups, and other interested people to communicate with them. City staff established an email address by which the public could communicate in writing to the Task Force. Every week the comments from citizens were bundled and delivered to the Task Force members for their review and consideration. Furthermore, as the process evolved dozens of citizens called Task Force members directly to voice their opinions. Throughout the meetings Task Force members referred to their conversations with their constituents and fellow citizens.

Beginning with their third meeting on 4 June 2015, the Task Force began to develop alternatives or options for raising the minimum wage. By the last full week of its deliberations, two proposals were “on the table.” Task Force members worked to understand them and find the commonalities in them. In the end, they agreed to submit two proposals to the Mayor and Council.

DRAFT

# THE STAFF TEAM

City of Tacoma staff members who served the Minimum Wage Task Force throughout its tenure were:

- Tadd Wille, Budget Director, Office of Management and Budget
- Andy Cherullo, Finance Director, Finance Department
- Christina Watts, Management Analyst, Office of Management and Budget
- Jared Eyer, Management Analyst, Office of Management and Budget
- Martha Lantz, Deputy City Attorney
- Chris Bacha, Deputy City Attorney

Two economists from the University of Washington Tacoma also provided information and data that assisted the Task Force. They were:

- Dr. Katie Baird, Associate Professor of Economics, Politics, Philosophy, and Public Affairs
- Dr. Doug Wills, Associate Professor of Economics at the Milgard School of Business

In addition, one of the Task Force members, Dr. Ali Modarres, Director of the Urban Studies Program at the University of Washington Tacoma, provided valuable data and information about the demographics of Tacoma and Pierce County that allowed the Task Force to understand who are the minimum wage workers of Pierce County.

Finally, the facilitator of the process was Jim Reid of The Falconer Group.

**THE CITY OF TACOMA'S  
MINIMUM WAGE TASK FORCE**

**APPROVED WORK PLAN**

28 MAY 2015

As charged by the Mayor and City Council, the Minimum Wage Task Force's purpose is to review minimum wage alternatives for the City of Tacoma. The Task Force's report and recommendations must be submitted to the Mayor and Council by 30 June 2015.

PHASE	TIMELINE	OUTCOMES	ACTIVITIES
<b>A.</b> <b>Structure Process;</b> <b>Assess the Situation</b>	28 May– 1 June	<ol style="list-style-type: none"> <li>1. Consensus agreements on the work plan and ground rules.</li> <li>2. Mutual interests of the Task Force members.</li> <li>3. Understanding of how other jurisdictions are addressing the minimum wage.</li> <li>4. Understanding of demographic, social, and economic conditions and trends in Tacoma.</li> </ol>	<ul style="list-style-type: none"> <li>▪ Task Force approves work plan and ground rules.</li> <li>▪ Task Force briefed on the ordinances of other cities that have addressed raising the minimum wage.</li> <li>▪ Task Force member and economist brief MWTF about current and future demographic conditions and trends.</li> </ul>
<b>B.</b> <b>Agree on Key Findings</b>	1-9 June	<ol style="list-style-type: none"> <li>1. Consensus agreement on "The Key Findings of the Minimum Wage Task Force."</li> </ol>	<ul style="list-style-type: none"> <li>▪ MWTF agrees on a set of key findings to provide the factual basis for its recommendations.</li> <li>▪ MWTF releases key findings to public through its website and media.</li> </ul>
<b>C.</b> <b>Agree on Alternatives</b>	9-21 June	<ol style="list-style-type: none"> <li>1. Consensus agreement on criteria for evaluating alternatives.</li> <li>2. Consensus agreement on a set of alternatives.</li> </ol>	<ul style="list-style-type: none"> <li>▪ MWTF briefs Mayor and Council on key findings.</li> <li>▪ MWTF identifies, discusses, and agrees on the criteria by which it will assess the options for achieving mutual interests.</li> <li>▪ MWTF identifies, discusses, and agrees on a set of alternatives.</li> <li>▪ Economist and staff conduct additional research on and</li> </ul>

			analysis of the alternatives, and report to MWTF on findings.
<b>D. Reach Agreement on Recommendations</b>	22-26 June	1. Consensus agreement on recommendations that achieve MWTF's mutual interests and meet criteria.	<ul style="list-style-type: none"> <li>▪ MWTF discusses options and chooses recommendations.</li> <li>▪ MWTF asks the questions "How will these recommendations serve the community in 2, 5, or 10 years? What could go wrong if they were implemented? How would the City deal with that?"</li> <li>▪ MWTF reaches agreement on recommendations addressing the minimum wage in Tacoma.</li> </ul>
<b>E. Reach Agreement on Report</b>	27-30 June	1. Consensus agreement on MWTF's report to Mayor Strickland and City Council.	<ul style="list-style-type: none"> <li>▪ With assistance of facilitator and staff, MWTF writes and agrees on final report recommending how Tacoma should address the minimum wage in the future.</li> </ul>
<b>F. Present Report to Mayor, Council, Public</b>	30 June	<ol style="list-style-type: none"> <li>1. Report presented to Tacoma's elected officials.</li> <li>2. Report made public.</li> </ol>	<ul style="list-style-type: none"> <li>▪ MWTF presents its report with findings and recommendations to Mayor and City Council.</li> <li>▪ MWTF briefs media on its report or supports Mayor in announcing report to media and citizenry.</li> </ul>

## **CITY OF TACOMA'S MINIMUM WAGE TASK FORCE**

# **APPROVED GROUND RULES**

to Guide the Task Force's Discussions and Decision-Making

**Adopted by the Task Force Members on 28 May 2015**

### **Task Force Members' Roles and Responsibilities:**

1. Each member of the Task Force is an equal participant in the process and has equal opportunity to voice opinions and contribute ideas.
2. Task Force members represent others not at the table, but it is understood that each member speaks for her/himself. Task Force members may want to periodically update their constituents about the group's progress. At appropriate times, the members should check with their constituents to seek their reactions to and support for our recommendations.
3. Task Force members accept the responsibility to come to the meetings prepared for the discussions.
4. We also commit to fully explore the issues and search for creative solutions that best serve our mutual interests.
5. We recognize the legitimacy of the interests, concerns, and goals of others, whether or not we agree with them. We commit to treating each other, and those who attend our meetings, with respect, civility, and courtesy.
6. We will listen carefully, ask pertinent questions, and educate ourselves and those we represent about the interests and needs that must be addressed in a constructive problem-solving atmosphere.
7. In view of the specific scope of the project and limited amount of time available, we will make a concerted effort to focus on the topics under discussion.
8. Task Force members, including the alternates, commit to attending as many meetings as possible. If a member must miss a meeting, she/he is responsible for asking a fellow member to represent her/his interests and positions at that meeting. The member may also submit written comments that will be distributed to the others. Task Force members should consult the meeting summaries, which will be sent to them and posted on the Task Force's website, or talk to a fellow member or the facilitator to understand the proceedings and decisions made at the meetings they missed.

9. As the process unfolds, Task Force members should provide feedback to the facilitator on the process and his performance. We may do so at meetings and/or by calling or emailing him between meetings.

### **The Facilitator's Role and Responsibilities:**

10. The facilitator's role is to manage the process by keeping discussions focused, ensuring that all points of view are heard, and conducting the meetings according to the spirit of these ground rules. With no stake in the substantive outcome, he is obligated to remain neutral on the issues.
11. The facilitator will also write drafts of the Task Force's report. Once the final version has been reviewed, edited, and approved by the members, he will work with them to prepare to present it to the Mayor and City Council.

### **The Staff's Roles and Responsibilities:**

12. Like the facilitator, City staff and the economists that the City has hired are resources to support Task Force members. They, too, will remain neutral on the issues. They will support the facilitator in ensuring the process is orderly and well managed and the Task Force by obtaining information that Task Force members agree they need to be able to reach consensus.

### **Roles and Responsibilities of Guests:**

13. Interested and affected parties or individuals who are not on the Task Force are welcome to attend the meetings. The public may submit their input in writing to the Task Force.

### **Agreements and Recommendations:**

14. The Task Force is expected to identify and define a wide range of interests, perspectives, and opinions. Decisions will be made by consensus. Consensus is defined as the unanimous agreement of the Task Force members.
15. If a Task Force member finds she/he cannot live with an emerging agreement of the entire group, that person is obligated to make her/his concerns known, and the rest of the group is obligated to listen with an interest in resolving them. Everyone is expected to try work to address the concerns, including asking the concerned party (parties) to clarify the underlying interests or about other dynamics that could be interfering with an agreement. All parties are obligated to try to find an alternative that meets the interests of the concerned party (parties) as well as their own.

16. If it is not possible to reach consensus on particular recommendations, the interests of each party and the potential options for resolving the issue will be documented and included in the Task Force's report.

### **Meeting Agendas and Summaries:**

17. Task Force meetings will be task-oriented. Draft agendas will be prepared by the facilitator and distributed to all members for review and comment 2-3 days before a meeting. Agendas will describe the matter for discussion and the purpose of discussing it, and be accompanied by information necessary to support informed discussion.
18. If the agenda or facilitation techniques are not working, Task Force members agree to inform the facilitator so that changes can be made and the group can proceed.
19. Following the conclusion of each meeting, a summary of key decisions and agreements will be developed by the facilitator and distributed to each member within 48 hours of a meeting's adjournment.
20. Task Force members are obligated to review the summaries for accuracy and to alert the facilitator if they find mistakes.

### **Communicating with the Media and Other Interested Parties:**

21. Task Force members agree that it is in their best interests to not speak to the media or negotiate in public during this process. If contacted by representatives of the media, Task Force members will speak only for themselves, and should focus the comments on the process, not on emerging substantive positions or proposals. Task Force members will avoid characterizing the Task Force's or other members' positions. After speaking with the media representatives, or to other organizations or groups, members should inform the facilitator to minimize the possibility that other parties in this process could misinterpret their comments.
22. When appropriate, a joint statement suitable for discussion with the media and with other organizations will be developed by the Task Force. At that time Task Force members will agree on who shall present it on behalf of them, and how it will be communicated.

### **Final Report:**

23. A draft report summarizing the Task Force's findings and consensus recommendations will be prepared by the facilitator and distributed to all members for their review and approval. After approving it, the Task Force members will submit their final report to the Mayor and City Council.

# **MEETING AGENDAS AND SUMMARIES**

DRAFT