



ECONOMIC DEVELOPMENT COMMISSION Meeting Minutes

Date/Time: Monday, January 9, 2017 at 4:05 pm

Where: Milpitas City Hall, Committee Conference Room

Attendees: Chair Ablaza; Vice Chair Brahmbhatt; Commissioners' Wettenstein, Tsao, Peoples, Reddy, Chen, M. Nguyen, Strle; Councilmember Nuñez

Excused Absence: Commissioners Wang, Holthaus, C. Nguyen

Staff: Economic Development Director Edesa Bitbadal, Economic Development Specialist Daniel Degu

I. Flag Salute

Chair Ablaza called the meeting to order at 4:05pm and led the Pledge of Allegiance.

II. Roll Call and Seating of Alternates

Chair Ablaza called for Roll. Commissioner Wang, Holthaus, and C. Nguyen were not present. Alternate Commissioner Reddy was seated.

III. Public Forum (Please *limit comments to 3 minutes*) – None.

IV. Approval of Agenda

Motion: to approve the agenda as submitted.

Motion/Second: Commissioner Strle/ Commissioner Wettenstein

Motion carried by a vote of:	Ayes:	9
	Noes:	0
	Absent:	Wang, Holthaus, C. Nguyen
	Abstain:	0

V. Approval of Minutes – November 14, 2016 Commission minutes

Motion: to approve the November 14, 2016 Economic Development Commission Minutes as submitted.

Motion/Second: Commissioner Brahmbhatt / Commissioner Wettenstein

Motion carried by a vote of:	Ayes:	8
	Noes:	0
	Absent:	Wang, Holthaus, C. Nguyen
	Abstain:	Strle

VI. Announcements

A. Staff Report

Economic Development Director Bitbadal announced the appointments of Councilmember Nuñez, as the City Council Liaison, and Commissioner Jeffrey Chen, as the Representative for Hotel / Accommodations. Ms. Bitbadal also announced that Joint Venture Silicon Valley will host its annual State of the Valley Conference on Friday, February 17, 2017, at the San Jose McEnery Convention Center. The following individuals expressed an interest in attending the conference: Chair Ablaza; Commissioners Wettenstein, Tsao, Peoples, Reddy; and Councilmember Nuñez, while both Commissioner M. Nguyen and Chen expressed a tentative interest in attending. Additional announcements made by Ms. Bitbadal included her chairing The Silicon Valley Economic Development Alliance, an initiative of Joint Venture Silicon Valley, this year, and Economic Development Specialist Daniel Degu serving as the Commission's staff liaison moving forward. Ms. Bitbadal ended her updates by informing the commission that the City of Milpitas recently received a Top 20 ranking for best cities for new graduates.

B. Commissioners Update

Commissioner Wettenstein announced the following upcoming Milpitas Chamber of Commerce events: Business Breakfast (January 10), Connection Club (January 18), Monthly Mixer (January 26),

ECONOMIC DEVELOPMENT COMMISSION Meeting Minutes

and Crab Feed (March 3). Commissioner Wettenstein also announced that the “Monday Blast” email from the Chamber is now available to non-members, and Commissioners interested in receiving this weekly email can sign up at the Chamber website.

C. Council Liaison Update

Councilmember Nuñez shared his excitement with the commission to be serving as the new City Council Liaison, and looks forward to his time as liaison.

VII. New Business

A. Overview of Economic Development Commissioners Roles and Responsibilities

Economic Development Director Bitbadal presented to the commission a high-level overview of the Commission By-Laws. Ms. Bitbadal informed the commission that their role is to advise the City County on business issues and to design, develop, and implement a comprehensive economic development program for the City of Milpitas. Ms. Bitbadal also informed the commission of their charges: [1] Promote and cultivate retention and expansion of businesses as well as attraction of new businesses. [2] Ensure City-wide economic development sustainability and a viable financial base for the City. [3] Maintain a successful business climate. [4] Maintain a diverse job base and workforce development. [5] Cultivate relationships with business organizations and City commissions in order to gain economic development opportunities for the City.

B. Election of Officers

Pursuant to the Commission’s Bylaws, new officers for the positions of Chair and Vice Chair are to be elected at the beginning of each calendar year. Economic Development Director Bitbadal opened the floor for Vice Chair nominations. Commissioner Strle nominated Commissioner Wettenstein as Vice Chair with Commissioner Tsao seconding the nomination. The motion to close the nominations for the Vice Chair position was closed. The vote was unanimous and the Commission now has Vice Chair Wettenstein as the 2017 Economic Development Commission Vice Chair. Ms. Bitbadal opened the floor for Chair nominations. Commissioner M. Nguyen nominated Commissioner Ablaza as Chair with Commissioner Tsao seconding the nomination. The motion to close the nominations for the Chair position was closed. The vote was unanimous and the Commission now has Chair Ablaza as the 2017 Economic Development Commission Chair.

C. Minimum Wage Increase: Surveys, Background, and Proposals

Minimum Wage Background

Economic Development Director Bitbadal provided a background overview and update on the minimum wage study. Ms. Bitbadal informed the Commission that the Cities Association of Santa Clara County, including the City of Milpitas, voted to support a County-wide study in September of 2015. Cities of San Jose, San Jose Silicon Valley Chamber of Commerce, Working Partnership, and a representative from the Cities Association of Santa Clara County selected two firms to conduct an economic analysis and opinion research. The Center on Wage and Employment Dynamics (CWED) conducted the economic analysis, which consisted of a team of Professors from the University of California, Berkley, and the Institute for Research on Labor and Employment. The preliminary study’s findings were released in April with the full study released in June of 2016. The study’s key findings indicated that by increasing the minimum wage in Santa Clara County to \$15.00 an hour by 2019 would have the following seven impacts: [1] Increase earnings for 250,000 workers. [2] Raise average annual earnings of affected workers by 19.4 percent, or \$3,200 (in 2014 dollars). [3] Increase average price in Santa Clara County by .2 percent over three years and 2.9 percent for restaurants [4] Higher Wage Costs will be absorbed through productivity. [5] Impacts are much more significant to restaurants due to the high percentage of employees. [6] Workforce will be reduced in Santa Clara County due to layoffs and automation services. [7] Nine surrounding counties will increase their employment due to Santa Clara County cities increasing the minimum wage. Other key findings included the following: [1] The majority of surveyed firms anticipated increasing prices. [2] Most also believe that their employees will be more satisfied and productive. [3] Few firms think it is likely that they will move or close business. [4] Three-quarter of firms agree that an increase in the minimum wage makes sense given the high cost of living. [5] Most also agree that it will be harder to start a new business in the region. Ms. Bitbadal also noted that on April 4, 2016, Governor Brown signed into law Senate Bill (SB) 3, which requires a new

ECONOMIC DEVELOPMENT COMMISSION Meeting Minutes

statewide minimum wage schedule with annual increases commencing January 1, 2017 through January 1, 2023. SB 3 requires the following minimum wage schedule:

Schedule of California minimum wage increases			
	State schedule		Scenario schedule
	Business with more than 25 employees	Businesses with 25 or fewer employees	
2017	\$10.50	\$10.00	\$12.00
2018	\$11.00	\$10.50	\$13.50
2019	\$12.00	\$11.00	\$15.00
2020	\$13.00	\$12.00	\$15.33*
2021	\$14.00	\$13.00	\$15.68*
2022	\$15.00	\$14.00	\$16.03*
2023	\$15.00	\$15.00	\$16.38*

* The scenario schedule after 2019 is indexed using the average annual increase in the U.S. All Cities CPI-W over the past 10 years, which is 2.2%

Business Outreach & Survey Results

Economic Development Director Bitbadal also informed the commission that the City of Milpitas Economic Development Department, in collaboration with Milpitas Chamber of Commerce, held three meetings to inform and receive feedback from business owners. Those meetings were held on May 13, May 16 & June 6, 2016. A survey was mailed to the businesses in Milpitas. Survey consisted of five questions, options, and an area for comments. A total of 100 Milpitas-based businesses responded to the survey with 91% supporting the State Minimum Wage or State Minimum Wage with CPI, 81% supporting to keep minimum wage as it is or against the increase mandated by the State, and 9% for increasing the minimum wage to \$15.00 by 2019.

Minimum Wage Schedule Proposals

Economic Development Director Bitbadal ended her presentation by reviewing the four different survey proposals for a minimum wage increase. Currently, the cities of San Jose, Cupertino, Los Altos, and Palo Alto have approved the \$15.00 by 2019 (Cities Association Recommendation), with the cities of Sunnyvale and Mountain View already adopting a more aggressive schedule of \$15.00 by 2018. On the other hand, the cities of Gilroy, Morgan Hill, Los Gatos, and Los Altos Hills voted to not adopt a minimum wage increase, while the City of Campbell has since decided to rescind the second reading of the ordinance. Ms. Bitbadal asked the commission to make a recommendation and vote on one of the following four minimum wage increase options.

* Estimates	2017		2018		2019		2020		2021		2022		2023	
	Jan-June	July-Dec	Jan-June	July-Dec	Jan-June	July-Dec	Jan-June	July-Dec	Jan-June	July-Dec	Jan-June	July-Dec	Jan-June	July-Dec
State Minimum Wage with CPI*	\$10.75*	\$10.75*	\$11.35*	\$11.35*	\$12.35*	\$12.35*	\$13.35*	\$13.35*	\$14.35*	\$14.35*	\$15.35*	\$15.35*	TBD	TBD
State Minimum Wage (25 Employees or Less)	\$10.00	\$10.00	\$10.50	\$10.50	\$11.00	\$11.00	\$12.00	\$12.00	\$13.00	\$13.00	\$14.00	\$14.00	\$15.00	\$15.00
State Minimum Wage (More Than 25 Employees)	\$10.50	\$10.50	\$11.00	\$11.00	\$12.00	\$12.00	\$13.00	\$13.00	\$14.00	\$14.00	\$15.00	\$15.00	TBD	TBD
Cities Association Recommendation	\$12.00	\$12.00	\$13.50	\$13.50	\$15.00	\$15.00	\$15.33*	\$15.33*	\$15.68*	\$15.68*	\$16.03*	\$16.03*	TBD	TBD

ECONOMIC DEVELOPMENT COMMISSION Meeting Minutes

Chair Ablaza opened the public hearing.

Jessica Lynam, California Restaurant Association, requested that the Commission vote against a minimum wage increase higher than the current minimum wage.

Chair Ablaza closed the public hearing, following one speaker, and opened discussion.

Both **Commissioner Peoples** and **Wettenstein** spoke in favor of staying with the State's minimum wage increase.

Commissioner Strle and **Chen** spoke in favor of the State's minimum wage with CPI (with a 2.5% cap increase).

Commissioner Strle made a motion to follow the State's minimum wage schedule with CPI (with a 2.5% cap increase). No second motion was obtained, due to a continuation of open discussion.

Commissioner Brahmbhatt spoke against staying with the State's minimum wage increase.

Councilmember Nuñez asked staff to provide more information about the survey methodology, to which Ms. Bitbadal replied by stating that the survey was developed as a written survey, and targeted all licensed Milpitas-based businesses with two or more employees.

Commissioner Tsao stated that the Milpitas Chamber of Commerce voted in favor of staying with the State's minimum wage increase.

Commissioner Peoples asked if the City of Fremont increased minimum wage, to which Ms. Bitbadal replied that the City of Fremont has not increased minimum wage.

Commissioner Brahmbhatt made a motion to follow the Cities Association of Santa Clara County schedule (\$15.00 by 2019). There was no second motion, and the motion failed.

Commissioner Strle made an amendment to his original motion by removing "with a 2.5% cap increase".

Motion: to follow the State's minimum wage schedule with CPI (with a 2.5% cap increase).

Motion/Second: Commissioner Strle / Commissioner

Motion carried by a vote of:	Ayes:
	Noes:
	Absent:
	Abstain:

Amended Motion: to follow the State's minimum wage schedule.

Motion/Second: Commissioner Strle / Commissioner Tsao

Motion carried by a vote of:	Ayes:	8
	Noes:	1
	Absent:	Wang, Holthaus, C. Nguyen
	Abstain:	0

VIII. Adjournment

Commissioner Peoples motioned, and seconded by Commissioner Brahmbhatt to adjourn the meeting at 6:32pm to the regularly-scheduled commission meeting on Monday, February 6, 2017, at 4:00pm. The motion carried unanimously.