

Minimum Wage & Paid Sick Leave Study Finance Committee Materials

November 13, 2017 Finance Committee Agenda

Memorandum from Village President Bob Bielinski

Study Questions Submitted by Village Board Members

Tab 1 Ordinances

1. Village of Wilmette Minimum Wage Opt Out Ordinance
2. Cook County Minimum Wage Ordinance
3. Village of Wilmette Paid Sick Leave Opt Out Ordinance
4. Cook County Paid Sick Leave Ordinance
5. Cook County Rules & Regulations- Minimum Wage
6. Cook County Rules & Regulations- Paid Sick Leave

Tab 2 Village Board Agenda Item

7. June 27, 2017 Village Board Request for Board Action
8. June 19, 2017 Memorandum from Village President Bob Bielinski
9. Cook County Opt Out Map & List of Municipalities

Tab 3 Legal Opinions

10. Cook County State's Attorney Opinion- Minimum Wage
11. Cook County State's Attorney Opinion- Paid Sick Leave
12. Village of Wilmette Corporation Counsel Analysis of Cook County Ordinances
13. Village of Wilmette Corporation Counsel Memorandum Regarding Advisory Referenda

Tab 4 Chamber of Commerce

14. June 1, 2017 Letter from Wilmette Chamber of Commerce Requesting Opt Out
15. Chamber of Commerce Response to Questions
16. June 23, 2017 Chamber of Commerce Letter and Survey Results

Tab 5 Wilmette Business Demographics

17. Wilmette Employment Data
18. Wilmette Business Licensees

Tab 6 Village President Correspondence

19. Communications to and from Cook County Commissioner Larry Suffredin
20. Communications to and from Cook County Commissioner Sean Morrison
21. Communications to and from the Illinois Restaurant Association
22. Communications to Union Local 881 UFCW

Tab 7 Economic Studies

23. City of Chicago Minimum Wage Working Group Report
24. Economist Authored Articles
25. Harvard Business School Study
26. Seattle Minimum Wage Studies (2)

Tab 8 Local News Stories

Tab 9 Resident Comments



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**NOTICE OF MEETING
FINANCE COMMITTEE OF THE
BOARD OF TRUSTEES OF THE VILLAGE OF WILMETTE
Monday, November 13, 2017 at 7:00 P.M.
Mallinckrodt Community Center
1041 Ridge Road, Wilmette, Illinois**

AGENDA

- I. Call to Order**
- II. Welcome and Introduction**
- III. Approval of Minutes**
Minutes of the Finance Committee meeting of June 7, 2017.
- IV. Summary of Cook County Minimum Wage & Paid Sick Leave Ordinances
(Presentation by Village Staff)**
- V. Committee Discussion Regarding Study of Cook County Minimum Wage and
Paid Sick Leave Ordinances**
- VI. Comments from the Public Regarding Study of Cook County Minimum Wage
and Paid Sick Leave Ordinances**
- VII. New Business**
- VIII. Public Comment (Items not on the agenda)**
- IX. Adjournment**

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IN AND/OR ATTEND A VILLAGE OF WILMETTE PUBLIC MEETING, PLEASE NOTIFY THE VILLAGE
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OFFICE OF THE
VILLAGE PRESIDENT

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Date: August 18, 2017
To: Village Board of Trustees
From: Robert T. Bielinski, Village President
Subject: Cook County Minimum Wage & Sick Leave Ordinances Study

Background

At the June 27, 2017 Village Board meeting, the Village Board adopted an Ordinance “opting-out” of Cook County’s Minimum Wage and Paid Sick Leave ordinances.

While the Village opted out of both Cook County Ordinances, the Board requested that the subject be further studied and discussed at the committee level. Input was solicited from Board members, and I was asked to submit a plan for the Village Board’s discussion.

Recommendations

The following are my recommendations, based on review of the subject and input received.

1. *Assignment to Finance Committee*

I recommend that the Finance Committee be tasked with this project, as this is the Committee that would normally be expected to study economic and business related subjects.

While the Finance Committee will be responsible for this project, the Village Code does provide for other public officials’ participation. The Wilmette Village Code provides that the Village President is an *ex officio* member of all standing committees (Ch. 2, Sec. 2-2.5.2.3). Additionally, the Code provides that Trustees may attend any standing committee or special committee meeting, regardless of

whether they are a member, may observe the proceedings, and may participate as permitted by the chairperson (Ch. 2. Sec. 2-2.5.2.5).

2. Initial Report Concerning Plan and Process

The first task of the Finance Committee will necessarily be the specific identification of research goals, data gathering methodology, timing, resources needed and cost, as well as a process for receiving public input.

The Committee will need to prepare and submit to the Village Board a report and recommendation regarding the anticipated scope and cost of the project.

a. Objectives

The report should clearly define its purpose and goals, insofar as the Board has requested additional relevant information surrounding this subject matter. The Committee's purpose is not to make a substantive recommendation as to policy choices. Rather, the project's purpose is to assemble, analyze and present data relevant to the policy choices so as to better inform the Board.

b. Data Requirements

After identifying objectives, the Committee should determine the type of data that would be beneficial for it to have and practical for it to obtain. These may include, but not be limited to the following:

i. Wilmette Data

Private sector employment data for Wilmette, which may include information on matters such as number of employers, size of employers, employee benefit and compensation information.

ii. Comparability Data

Identification of relevant municipalities (both opt-out and those that did not) for comparison data.

iii. Impact Data

Identifying and gathering, if possible, relevant data from other municipalities regarding the effects of either opting-out or not doing so.

c. Data Gathering – Methodology, Sample Size and Time

The Committee will need to discuss and recommend methods for how it will gather data it considers relevant.

With regard to businesses located in Wilmette, for example, it might be advisable to include a survey with annual business license applications requesting such information as the Committee considers useful. There are, however, inherent limitations to this method. For example, home occupations and certain other businesses are not licensed (even though they would be covered by the County's ordinances).

A survey would not have to be tied directly to licensing, and could be conducted at any time.

Additionally, a survey would necessarily be **voluntary** (the Village cannot compel our businesses to respond), and employee compensation data in the private sector (unlike the public sector) is often considered confidential. The Committee should review with the Corporation Counsel the type of data being requested, whether the responses of businesses would be subject to disclosure under State open records laws, and how the Board members and staff would be able to maintain confidentiality of material that might not be subject to public disclosure.

With regard to businesses outside Wilmette (and possibly in Wilmette, too), the Committee will need to try to identify alternative sources of information, which may be limited to census, academic studies, data available from relevant municipalities, and similar data sources.

Insofar as "impact data" is concerned, a key issue for the Committee will be sample size. The Cook County ordinances have been in effect less than two months. The Committee will need to discuss how long a period of time should be considered before being able to reach any meaningful conclusions about impact, as well as how many other jurisdictions would constitute an adequate sample size.

The Committee's work will also need to address the fact that the Cook County minimum wage ordinance includes an increase in the minimum wage each year on July 1 (*i.e.*, increases \$1/hr. annually to \$13/hr. on 7/1/2020, and then by CPI every year thereafter).

d. Public Input

The Committee will need to solicit public input during this initial stage, as well as throughout the study period.

The Village staff has already created a dedicated email address for this project (countystudy@wilmette.com), and the Committee may wish to consider a web page or other means of gathering input outside of its meetings.

The Committee will, of course, also want to directly engage groups that have expressed an interest in the subject matter, including the Chamber of Commerce and the Wilmette League of Women Voters.

e. Budget and Resources

As the Village Board is aware, the Village is staffed at historically low levels and, particularly in the middle of the process of preparing our FY 2017 Financial Review, Capital Improvement Plan Review, and preparing the FY 2018 Budget for introduction at the end of September, has little available time or resources for this effort.

Therefore, the Committee should discuss the possibility of engaging outside assistance, such as a consultant, to help gather its data and prepare its findings. The Committee's initial report back to the Village Board should include a budget for outside assistance or additional staffing.

3. *Timeline for Submission of Initial Report*

The Committee should proceed deliberately, but it should be noted that both the Board and the staff are already fully committed to a substantial amount of work this fall, and already facing scheduling issues to do its time-sensitive work on finances, capital planning, and the 2018 Budget. In addition, the Board and the staff are committed to further work on potential stormwater management projects and related capital planning.

Realistically, the Committee should plan to submit its plan for discussion by the Board after the conclusion of this year's budget process.

4. *External Legal Issues*

Parties supporting the Cook County ordinances, according to news reports, have threatened litigation against "opt-out" municipalities. The County has also indicated its intention to vigorously enforce its ordinances. At this point in time, approximately 110 municipalities have opted out of the County's ordinances. While we are unaware of any relevant litigation pending now, it is possible that litigation may arise at any time concerning either the validity of the County ordinances, the validity of opt-out ordinances, or both.

If litigation does arise, the Committee should work with the Law Department to monitor its progress and determine whether an outcome impacts the Committee's continued work on this subject, or renders it moot. The Committee should recall the legal opinions given to the Village Board by the Corporation Counsel, and to the County Board by the State's Attorney.

RTB/

Minimum Wage Questions from Trustees

Impact in Other Communities

Monitor business activity in Wilmette, Winnetka, Evanston, Glenview and Northbrook. Depending on cost and practical limitations, complete a business census with employee counts and other data from these communities to determine if there is a noticeable impact of the changes. This may require a longer term review but should start as soon as possible.

Follow other communities which have/have not opted out. How will the ordinance affect them? How will it affect Wilmette (with opting out)?

Study on impact to minimum wage/sick pay in surrounding communities

- It may be quicker to determine the impact on sick pay and the cost to businesses in surrounding communities than minimum wage (as the minimum wage impact probably won't be realized until a few years out when minimum wage goes up to \$12/\$13/hour).
 - Review of number of businesses that have closed in surrounding communities (and why)
 - Review of job losses as a result of increase costs (maybe look at total employees from these smaller businesses prior to these increases. Maybe we can look at this for Chicago as a basis or existing data that may have already been collected?)
 - Estimated annual cost to businesses for sick leave pay;
 - Impact to new business development in Winnetka; Evanston, etc.
 - Information on business paid time off (who currently provides, what are the typical plans); what employers don't provide paid time off; who has a sick leave plan; etc

Wilmette Business Demographics

Collect more information on the Wilmette business community, possibly through a census questionnaire to accompany business license renewals. Possible questions could include number of employees, entry level wages, part time vs full time, students, number of minimum wage employees, impact of \$13 minimum wage on their business, etc.

Makeup of Wilmette's business community. How many businesses / number of employees?

Demographics of our businesses/employees:

- This would include: summary of all businesses in community and those excluded (like CVS, Starbucks, Jewel)
 - Specific employee data on businesses impacted and number of employees that shows number of businesses with 1 employee; 2 employees; 3-5 employees; 5- 10 employees

- Data on number of hourly employees (those paid a minimum wage) and age breakdown to really understand how broad the impact is;
- Some data on what wages hourly employees currently earn (% at current minimum wage; % at 10.00, etc). Learn if local wages will increase because Evanston, Kenilworth, Winnetka and Glencoe are paying higher wages.
- Data on tipped employees (i.e. of total hourly employees and how many are tipped employees so minimum wage is less relevant);
- Data on seasonal employees; extra employees hired for summer or holidays (especially in restaurant)
- Information on business paid time off (who currently provides, what are the typical plans); what employers don't provide paid time off; who has a sick leave plan; etc.

Impact to Wilmette Businesses

What are the opinions of the businesses that did not respond to the Chamber's survey. Can we contact businesses and get more information?

Which businesses are impacted by these ordinances? What about larger businesses- i.e. Walgreens, Jewel?

More understanding of sick leave ordinance and discussion with businesses on how it would affect them.

What is the average cost to Wilmette businesses for the following:

- Projected Increase in overall salaries by month as minimum wage increases
- Project increase in overall payroll as sick leave is incorporated
- Cost of administration of tiered minimum wage program; and sick leave
- As minimum wage increases, what other costs increase (salaried employees pay; higher paid hourly employees; FICA taxes, SSI, etc)
- Demonstrate how this increase affects overall revenue of these small businesses

Explore working with an economics department at Northwestern or University of Chicago to study the impact.

Other Misc.

What is the goal of the committee and what are we looking to accomplish?

Monitor and report on related litigation.

Monitor and report on news stories relating to Wilmette, Winnetka, Evanston, Glenview and Northbrook.

Track new business inquiries in the Community Development Department from business owners in Wilmette, Winnetka, Evanston, Glenview and Northbrook.

Following state action.