

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: February 19, 2021

TO: Honorable Members of the City Council

FROM: Sharon M. Tso *SMT*
Chief Legislative Analyst

Council File No. 20-1609
Assignment No. 21-02-0086

Grocery, Drug, and Retail Store COVID-19 Hazard Pay Economic Impact

SUMMARY

On February 2, 2021, the City Council requested that the City Attorney draft an ordinance that will provide all hourly, non-managerial employees at grocery, drug, and retail stores (with a grocery or drug component) in the City with 300 or more employees nationally and 10 or more employees on-site, with a total of five dollars per hour premium hazard pay in addition to their base wage for the next 120 days. The Council further directed the Office of Wage Standards (Bureau of Contract Administration), with assistance of the City Attorney, to promulgate rules and regulations for implementing the ordinance. Additionally, the Chief Legislative Analyst (CLA) was instructed to report on the ordinance's economic impact, potential legal challenges, strategies to counter such challenges, and the impact on disadvantaged communities. Subsequent to Council action, the City Attorney transmitted the draft ordinance to the Council on February 5, 2021.

To prepare this report, our Office reviewed the actions of other cities, interviewed stakeholders, and analyzed research papers on the matter. This report includes a discussion of the draft ordinance, grocery industry economics, potential economic impacts (including on underserved communities), and potential legal challenges.

RECOMMENDATION

That the City Council note and file this report as it is for informational purposes only.

FISCAL IMPACT

There is no impact to the General Fund. Any costs associated with the enforcement of the ordinance by the Bureau of Contract Administration will be absorbed by the department.

DISCUSSION

As a result of the outbreak of the COVID-19 virus, on March 4, 2020, Governor Newsom declared a State of Emergency in California and Mayor Garcetti declared a State of Emergency in the City of Los Angeles. The COVID-19 pandemic has forced the closure of schools and

many businesses, including, but not limited to, movie theaters, bars, restaurants and event venues. On March 19, 2020, Mayor Garcetti issued a “Safer at Home” emergency order, requiring all residents to stay inside their homes and immediately limit all movement outside their homes beyond what is necessary to take care of essential needs. On March 19, 2020, Governor Newsom issued an executive order that required all residents to stay home, except as needed to maintain continuity of operations of essential sectors as critical to protect the health and well-being of all Californians. In accordance with this order, the State Public Health Officer designated a list of Essential Critical Infrastructure Workers. Among this list were workers supporting groceries, pharmacies, convenience stores, and other retail stores that sell food or beverage products.

From the beginning of the COVID-19 pandemic, grocery and drug store employees have continued to be essential workers, who face health and safety risks as they support the community’s access to food, medicine, and other indispensable services. With restaurants either forced to close or opened for outdoor dining at limited capacity, grocery and drug stores have increasingly been the source of America’s meals. The Census Bureau reported that the grocery sector has seen an 11.2 percent increase in sales from 2019 while other types of retail stores have seen less pronounced sales increases or declines. Grocery and drug store employees work in environments where they come into close contact with large numbers of customers over the course of the workday, and these working conditions have resulted in localized outbreaks of COVID-19 across the City’s grocery and drug stores.

A Harvard study of over 100 employees at one grocery store in Boston, Massachusetts found that employees in customer-facing roles are five times as likely to test positive for COVID-19 as their colleagues in other positions. In another study, researchers at the University of California, San Francisco analyzed death records and estimated excess mortality among Californians 18–65 years of age by occupational sector and occupation, including race and ethnicity. They found that for the period March-October 2020, working age adults experienced a 22 percent increase in mortality compared to historical periods. Excess mortality was highest in food/agriculture workers (39 percent increase), transportation/logistics workers (28 percent increase), facilities (27 percent increase) and manufacturing workers (23 percent increase). Latino Californians experienced a 36 percent increase in mortality, with a 59 percent increase among Latino food/agriculture workers. Black Californians experienced a 28 percent increase in mortality, with a 36 percent increase for Black retail workers. The researchers conclude that in-person essential work is a likely venue of transmission and must be addressed through strict enforcement of health orders and the protections of in-person workers. They add that vaccination programs prioritizing food/agriculture workers are likely to have disproportionately large benefits for reducing COVID-19 mortality.

In April 2020, the City Council adopted Ordinance #186591, which provided grocery, drug, and food delivery workers with a series of protections:

- Right to schedule changes;
- Additional work hours offered to current employees before hiring new employees;
- The option of a “no-contact” delivery method; and
- Retaliatory actions prohibited.

The ordinance has a sunset date upon the later of either the Governor or the Mayor lifting the COVID-19 emergency order. Grocery, drug, and retail store employees do not currently have a right to hazard pay, a type of additional compensation for workers performing hazardous duty or involving physical hardship. Due to the essential nature of work provided by these workers and due to the risk these workers face due to higher potential for exposure to COVID-19, the Council seeks to ensure that these workers receive hazard pay commensurate to their risk.

1. Draft Ordinance

On February 5, 2021, the City Attorney released a draft hazard pay ordinance (C.F. 20-1609) that would require grocers, drug, and retail stores meeting certain criteria to provide hazard pay as a result of the COVID-19 pandemic. The ordinance mandates that all non-managerial employees at grocery, drug, and retail stores in the City be paid five dollars per hour premium hazard pay in addition to their base wage for the next 120 days. According to the California Grocers Association, it is common for store managers and assistant managers to be paid on a salaried (non-hourly) basis. Should the Council wish to include managers and supervisors that are paid on an hourly basis in the hazard pay proposal, the City Attorney should be requested to amend the ordinance.

As proposed, the following grocery, drug, and retail employers would be required to provide the premium hazard pay:

- A **grocery retail store** with more than 300 employees nationwide, and more than 10 employees on-site in the City, that primarily sells food or household goods, including the sale of produce, meats, poultry, fish, deli products, dairy products, canned foods, dry foods, beverages, baked foods, and/or prepared foods; or
- A **drug retail store** with more than 300 employees nationwide, and more than 10 employees on-site in the City, that sells a variety of prescription and nonprescription medicines and miscellaneous items, including, but not limited to, drugs, pharmaceuticals, sundries, produce, meats, poultry, fish, deli products, dairy products, canned foods dry foods, beverages, prepared foods, and other merchandise; or
- A **retail store** with more than 300 employees nationwide, and more than 10 employees on-site in the City, that is over 85,000 square feet and:
 - Dedicates 10 percent or more of its sales floor to groceries, including, but not limited to, produce, meats, poultry, fish deli products, dairy products, canned foods, dry foods, beverages, baked foods, and/or prepared foods; or
 - Dedicates 10 percent or more of its sales floor to drug retail, including, but not limited to, drugs, pharmaceuticals, sundries, produce, meats, poultry, fish, deli products, dairy products, canned foods, dry foods, beverages, prepared foods, and other merchandise.

The ordinance also includes a private right of action (which allows a private citizen to bring a judicial action) and an urgency clause, in which case the ordinance would go into effect

immediately upon publication. The Office of Wage Standards, under the Bureau of Contract Administration, would be responsible for promulgating the rules, regulations, and enforcement of the ordinance.

2. Hazard Pay Efforts by Other Cities and Existing Hazard Pay for City of Los Angeles Employees

Besides Seattle, the majority of cities contemplating hazard pay for grocery and other retail employees are located in California. Five cities have adopted ordinances that provide a range of hazard pay from \$3-\$5 per hour. They are Long Beach (\$4), Seattle (\$4), San Jose (\$3), Montebello (\$4), and Oakland (\$5). Nearly all of the cities and counties that have adopted or are drafting ordinances have an employee threshold of 300 and sunset after 120 days. For a detailed chart of each city's ordinance, see Attachment A. While some of the cities listed here provided a staff report on their respective proposal, those reports did not provide a robust level of economic analysis.

The City provides its employees with numerous types of hazard pay when the working environment has been determined to be hazardous. For example, employees performing the following work are entitled to 5.5 percent hazard pay above the base salary rate:

- Working on a ladder, scaffolding, hydraulic lift platform, etc.
- Spraying asphalt, chemicals, paint, etc.
- Working in a deep sewer
- Cleaning a homeless encampment or illegal dump site

Other hazard pay examples include Airport Security Officers that work to direct traffic (11.5 percent hazard pay) and Canine Police Officers (16 percent hazard pay).

3. Grocery Industry Economics and Response to COVID-19

In response to the COVID-19 pandemic, major grocery, drug, and retail chains have provided some form of extra COVID-19 related compensation. Research by the Brookings Institution (Brookings) found that Target, Amazon, Kroger, Albertsons, and Costco provided \$2 per hour in hazard pay and some provided additional bonuses. Walgreens and CVS only provided bonuses. By July 2020, all of these companies had canceled their hourly hazard pay, while some continued to provide bonuses. Rather than continue its hourly hazard pay, Target moved up a planned increase of its nationwide starting salary to \$15 in July 2020 (it had committed to the increase by the end of 2020 in 2017). Target also continues to provide bonuses. Since the beginning of the pandemic, Trader Joe's has provided employees with \$2 per hour hazard pay and recently increased the hazard pay to \$4 per hour.

As a result of COVID-19, the grocery, drug, and retail industry has faced a number of additional infrastructure and labor costs, including:

- Providing employees with personal protective equipment
- Increased sanitation and cleaning protocols

- Installation of protective equipment, including plastic barriers, and social distancing markers
- Supplemental paid leave
- Hiring and training workers or paying overtime wages to existing workers who fill in for those out on paid leave
- Biweekly or weekly COVID-19 testing costs
- E-commerce staffing and capital costs

Labor costs are discussed further in the economic impact section.

Additional details concerning hazard pay, bonuses and other benefits provided by retail companies to their employees is described in Attachment B.

Industry Overview

According to Sageworks (a financial information company), the grocery industry is a low profit margin industry. Companies in this sector achieve success through the substantial volume of goods they sell. According to the United Food and Commercial Workers International Union, there are approximately 26,000 grocery workers in the City, of which 35 percent belong to a union. According to ZipRecruiter, the average pay for a grocery store worker in Los Angeles is \$17.51 per hour.

In their research paper on hazard pay, Brookings reported on the performance of large retailers in 2019 compared to 2020. The table below shows the change in the net income after taxes (after subtracting all costs) of select companies:

Figure 1. Net income after taxes (profit) of large grocery, drug, and retail companies in \$ millions (first three financial quarters).

Company	2019 Profit	2020 Profit	\$ Change	% Change
Albertsons	\$399	\$995	\$596	149%
Kroger	\$1,332	\$2,662	\$1,330	100%
Amazon	\$8,320	\$14,109	\$5,789	70%
<i>Costco (only two quarters)</i>	\$2,003	\$2,227	\$224	11%
Target	\$2,447	\$2,988	\$541	22%
Walmart	\$10,740	\$15,601	\$4,861	45%
CVS	\$4,887	\$6,206	\$1,319	27%
<i>Walgreens (only two quarters)</i>	\$1,695	\$885	-\$810	-48%

Source: Brookings Institution Report and company quarterly reports.

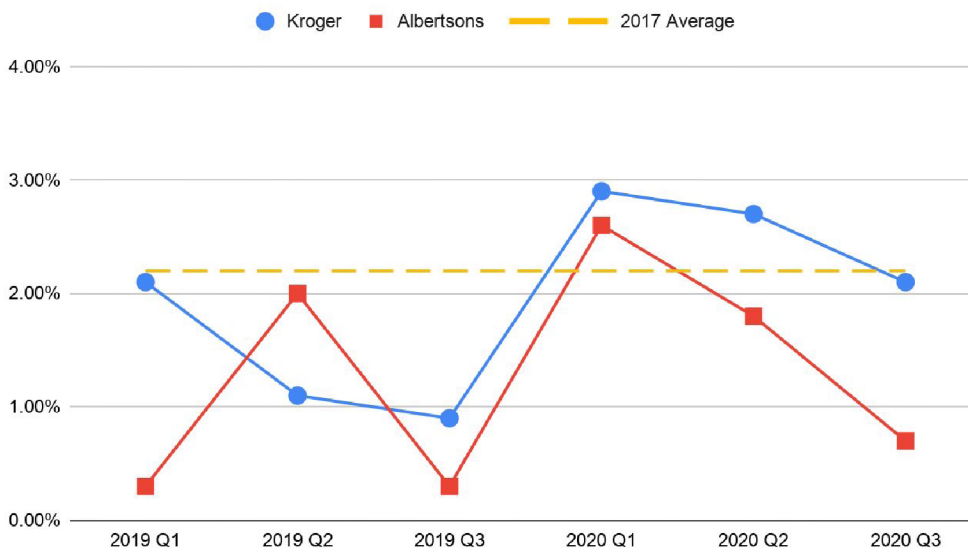
Brookings reported that the size, scale, and e-commerce capabilities of these large companies enabled many of them to vastly outperform their 2019 profit, with the exception of Walgreens.

In order to compare the performance of grocery companies pre-COVID and post-COVID, a more appropriate measurement is the net profit margin, which defines how much profit is generated as a percentage of revenue. Put another way, it illustrates how much of each dollar in revenue collected by a company translates into profit. Sageworks reported that the 2017 average net profit margin for the Grocery Stores NAICS code (4451) was 2.2 percent, which is among the lowest among American industries¹. Taken separately, the net income (profit) of these large retailers is impressive, but it is the net profit margin figure that allows comparison between companies and the industry average to determine the performance of the companies. Net profit margin for 2020 is discussed further below.

Publicly Traded Grocers

For the publicly traded grocers, we focus on the performance of Kroger (Ralphs and Food 4 Less) and Albertsons (including Vons and Pavilions). These companies are the first and third largest grocery chains in the United States respectively and have a combined 100 stores in the City. These chains have full service stores that are on average 50,000 square feet and have between 100 and 175 employees per store. In 2019, the net profit margin of Kroger and Albertsons was near or below the industry average. The chart below shows the change in net profit margin for both companies from 2019 to 2020 and compares it to the 2017 average net profit margin for grocery stores, supermarkets, and convenience stores (Kroger divided 2020 into three unequal quarters, so they did not have a fourth quarter result for 2020.):

Figure 2. Kroger and Albertsons 2019 vs. 2020 Net Profit Margin After Taxes



Source: Company quarterly earnings as reported to the U.S. Securities and Exchange Commission

At the beginning of the pandemic, net profit margins spiked in the first quarter of 2020 as customers stocked up on essential food and home items. In the most recent financial report for

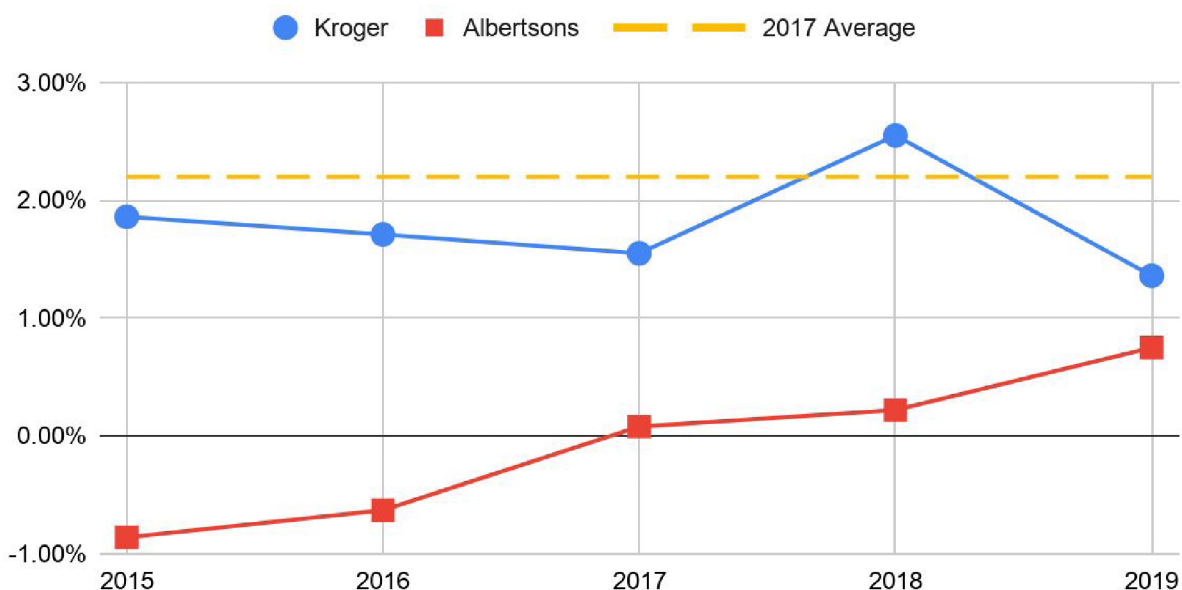
¹ NAICS codes are used to categorize industries. NAICS code 4451 includes grocery stores, supermarkets, and convenience stores. Convenience stores are not included in the draft ordinance.

the 3rd Quarter 2020, the net profit margin for Kroger returned to the first quarter of 2019 level, with Albertsons seeing a slight increase over the same period in 2019.

While the 2017 average net profit margin of 2.2 percent does contain convenience stores, we use this average as the best available benchmark to grade the performance of Kroger and Albertsons during the last two years. Both companies did not earn above average profits until the first quarter of 2020 during the COVID-19 shopping spike and by the third quarter had dropped below the average.

For additional historical context of the economic performance of both Kroger and Albertsons, the following chart shows the fiscal year net profit margin after taxes for both companies between 2015-2019. Only Kroger produced above industry average results during this timeframe (in 2018). Albertsons had a negative net profit margin in 2015 and 2016.

Figure 3. Kroger and Albertsons Fiscal Year Net Profit Margin After Taxes

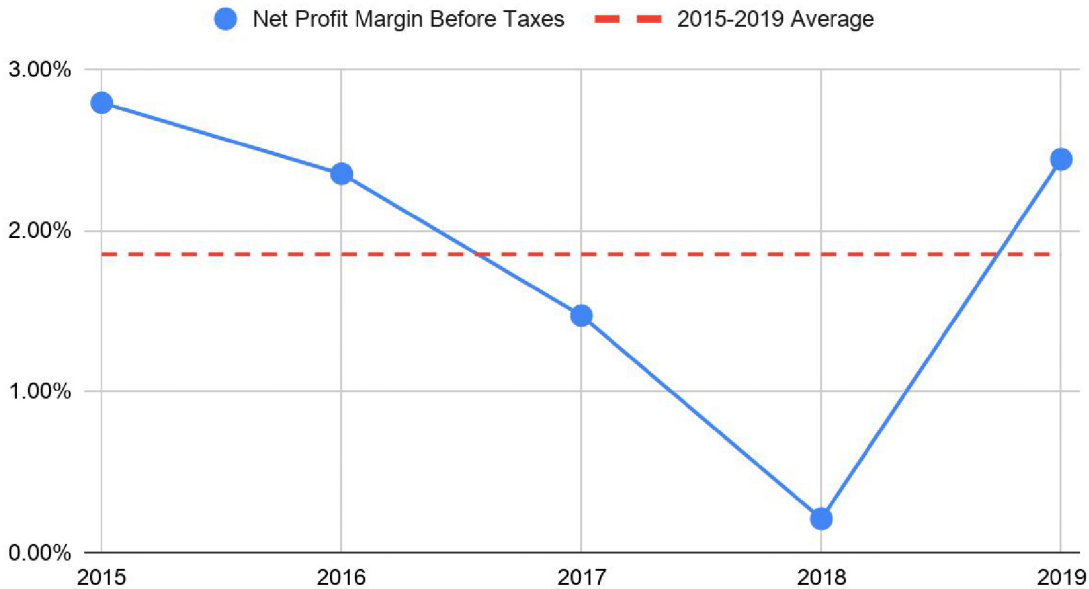


Source: Company fiscal earnings as reported to the U.S. Securities and Exchange Commission

Independent Grocers

For privately held grocers, we use the 2020 Independent Grocers Financial Survey for information on this industry segment, which provides data on the nation's privately held grocery stores. Independent stores are smaller in footprint at an average of 27,000 square feet. Independent stores have an average of 72 employees per store. Labor and benefit costs are 18.42 percent of sales in the western region, meaning that grocers must spend \$18.42 in labor and benefit costs in order to receive \$100 in sales. The Independent Grocers Financial Survey provides net profit margin *before* taxes versus the Kroger and Albertsons data above which provides *after* tax performance. The following chart shows the western region independent grocers net profit before taxes from 2015 to 2019:

Figure 4. Western Region Independent Grocers Net Profit Margin Before Taxes 2015-2019



The average net profit before taxes was 1.85 percent for independent grocers for the five years before the pandemic. The data also shows that while the western region grocers experienced a net profit of 2.44 percent in 2019, during that year 25 percent of companies had a negative net profit.

Much like the publicly traded grocers, COVID-19 resulted in independent grocers experiencing two of the biggest weeks in the history of food retailing in terms of trips, sales, and basket size (the quantity of goods purchased in a single trip). After the March 2020 surge, the number of trips to stores fell well below 2019 levels as shoppers quarantined at home. The Independent Grocers Financial Survey reports that overall sales were up 13.3 percent for the first six months of 2020 vs. the same period in 2019. No net profit margin data is available for 2020.

4. Potential Economic Impacts

Businesses that will be required to provide hazard pay

To provide the Council with context of the impact of the hazard pay draft ordinance, our Office prepared a list of the potential grocery, drug, and retail chains that could be affected (Attachment C). For the major local and nationwide chains, there is no question these companies have over 300 employees and thus would be subject to providing hazard pay. For the smaller chains, we assume these chains are privately owned and thus their average employee count per store is 72 (based on the Independent Grocers Survey discussed above). To determine how many smaller chains would be included, we must make an educated assumption on the average number of employees for the independent grocery chains located in Los Angeles with more than one location. We also must add employees to account for the corporate or other support (back office) employees who do not work in the store (but who are counted toward the nationwide 300

employee threshold). We inferred that 80 employees per store is a more likely average for the purposes of this analysis. We multiplied the nationwide number of stores by 80 to arrive at an estimated total nationwide employee count for each chain.

We note that Attachment C includes drug stores and retail chains. In these industries, there is less of a middle market, with the majority of the stores being either a nationwide chain or small mom and pop establishments (which would not be covered by the ordinance).

We reiterate that this list is simply a projection to gauge the degree of how many chains could be included in the hazard pay requirement, and is not the final list of companies that will be required to comply. For the retail chains, we did not analyze which chains have 10 percent or more of their sales floor dedicated to grocery or drug retail.

Large Retailers

Large retailers like Walmart and Target would be subject to the draft ordinance, however, as written, the ordinance requires hazard pay on a store by store basis. Target, for example, would be required to include hazard pay for its employees that work at stores larger than 85,000 square feet that dedicate at least 10 percent of the sales floor to grocery or drug retail. Target has several stores that operate in a smaller footprint, including:

- 59,000 square foot store at 415 S. La Brea Ave. (CD 4)
- 25,000 square foot store at 8900 Sepulveda Blvd. (CD 11)
- 39,600 square-foot (future) location at 7021 Hollywood Blvd. (CD 13)
- 49,000 square-foot (future) location at 17401 Ventura Blvd. (CD 5)
- 24,000 square-foot (future) location at 330 Westlake Ave. (CD 13)

Because these stores are under 85,000 square feet, Target would not be required to provide hazard pay to the employees working in these stores. Should the Council wish to include smaller footprint stores of major retailers, the City Attorney would need to amend the draft ordinance to include a provision that if a retailer has one store located in the City that meets the hazard pay ordinance, all stores located in the City would be required to provide hazard pay, regardless of store size.

Economic Impacts

Implementing the proposed ordinance could have several economic impacts. In order to determine these impacts, we have prepared projections based on certain factors, including the reaction to the City of Long Beach ordinance (which requires hazard pay of \$4 for grocery employees), research of the wages of impacted employees, and the number of companies located in the City that could be required to implement hazard pay under the proposed ordinance. Below are the potential economic impacts:

- **Higher wages for grocery, drug, and retail store workers.** According to ZipRecruiter, the average pay for grocery store workers in Los Angeles is \$17.51 per hour. A \$5 per hour hazard pay would increase the average salary to \$22.51 per hour, an increase of 29 percent from the base wage. Employees would have a temporary earnings boost and more spending power, which could trigger a temporary increase in the demand for goods. This

extra demand for goods could result in more business activity in the City, benefiting other City businesses. Employees could also use the higher wages to pay down debt or increase their savings rate. The pay increase will be temporary, lasting for 120 days, unless the ordinance is extended.

- **Temporarily increases labor costs as a percentage of sales.** As discussed above, labor and benefit costs are 18.42 percent of sales in the western region for independent grocers, meaning that grocers must spend \$18.42 in labor and benefit costs in order to receive \$100 in sales. For the national grocery industry as a whole, including the publicly traded companies, labor expenses account for 13.2 percent of sales, according to a 2019 study conducted by Baker-Tilly, a tax consulting firm. An increase of the base wage rate by \$5 will increase the labor costs as a percentage of sales 4-5 percent to between 17 percent of sales for publicly traded companies and 24 percent of sales for independent companies. Companies would be required to take action to reduce costs or increase revenue as the labor increase will eliminate all current profit margin. The increase will be temporary, lasting for 120 days, unless the ordinance is extended.
- **Potentially higher prices for consumers.** Affected companies could raise prices to counteract the additional wage cost. Economic analysis from the California Grocers Association (which analyzed data from the Bureau of Labor) shows that if grocers pass on the entirety of the hazard pay labor cost to consumers, a typical family of four could see grocery prices increase by \$33 per month, for a total of \$132 in extra costs over the 120 days the ordinance would be in effect. Based on our limited discussions with grocers, there is a lower likelihood that grocers would pass on 100 percent of the labor costs to consumers. Shoppers are extremely price conscious, particularly in chains that serve low-income communities. However, prices could increase on average to a lesser degree.

According to a December 2020 survey conducted by the Public Policy Institute of California, 39 percent of Los Angeles County households making under \$40,000 reported reducing the number of meals or cutting back on food as a result of the turmoil caused by COVID-19. Increased food costs may cause further negative impact on these lower income households.

- **Potentially delayed store openings, renovations, and wage increases/promotions.** It is more likely that grocery chains will put a temporary hold on expansion plans and reduce or eliminate wage increases/promotions (this is more likely with non-union stores).
- **More pressure on struggling stores (especially independent grocers), which could lead to store closures.** The Independent Grocers Financial Survey reported that in 2019, 25 percent of western region companies reported a negative net profit. According to the California Grocers Association, between one-sixth to one-third of association stores reported negative earnings. More profitable stores often subsidize unprofitable stores within the same chain. Smaller chains with fewer stores will have less capacity to rely on their profitable stores to make up the increase in labor costs. This will be especially acute

in smaller chains with a majority of stores located in jurisdictions that have passed hazard pay mandates. The publicly traded grocers have stores throughout the country and have more capacity to rely on the profits of stores throughout the nation to subsidize the local labor cost increase.

To contain costs, companies may close stores. In response to the City of Long Beach ordinance that provides \$4 per hour in hazard pay, Kroger, the parent company of Ralphs and Food 4 Less, announced it was permanently closing two stores located there. It has been reported that both of these stores have historically underperformed for some time before the City Long Beach hazard pay was enacted. Kroger also closed two stores in Seattle in response to the city's \$4 hazard pay policy. Closures of stores affect three groups:

- Employees – experience a reduction in earnings and could slow or stop certain spending, negatively impacting the local economy. According to the Los Angeles Times, the Long Beach closures will affect 200 workers.
- Product Vendors/3rd Party Service Providers – vendors that support the store, for example food vendors, custodial, and security, will see reduced demand for their services. Vendors might lay off or reduce hours of their employees as a result.
- Customers – will have to find new grocery locations. The closures of stores could lead to an increase in “food deserts” that lack access to fresh groceries. The California Healthy Places Index (HPI) is a new tool developed by the Public Health Alliance of Southern California that combines economic, education, housing, health care access, neighborhood, environment, transportation, and social factors into an index score at the census tract level. While the Long Beach Ralphs location set for closure is in a tract with a HPI score of 85.5 (meaning the area has healthier community conditions than 85.5 percent of other California census tracts), the Food 4 Less set for closure has an HPI score of 29.2 (and adjacent to an area with a score of 9.9) signifying that this location is located in a disadvantaged neighborhood.

We are researching the number of affected stores that are located in or near a food desert and will provide that information in a separate report.

- **Reduced hours, wages, or jobs.** To offset higher labor costs, companies might reduce working hours, benefits, wage rates, or lay-off employees.

5. Potential Legal Challenges

As requested by the Council, we are providing an overview of current legal challenges to similar ordinances. The California Grocers Association (CGA), the trade association for the state's

approximately 300 grocery retailers and 150 grocery supply companies, recently filed suit against the City of Long Beach in opposition to the city's adopted \$4 per hour grocery hazard pay ordinance. In its lawsuit, the CGA asserts that the Long Beach ordinance is invalid on several grounds:

- Violates the National Labor Relations Act (NLRA) by regulating zones of activity that Congress intentionally left to be controlled by the free play of economic forces.
- Violates the Equal Protection Clause of the United States and California Constitution by improperly singling out certain grocery businesses for disparate treatment while ignoring employers or essential frontline workers outside the industry.
- No significant and legitimate public purpose exists for the ordinance. The stated purpose for the ordinance (to protect public health, address economic insecurity, and promote job retention) is not rationally related to the discriminatory treatment of CDA's members.
- While the city has the ability to enact ordinances to further the health and safety of its citizens, including minimum wage laws, this ordinance is not a minimum labor standard, rather a mandatory hourly bonus, regardless of the wage negotiated during collective bargaining or other agreements.
- Violates the Contracts Clause of the United States and California Constitution. Interferes with collective bargaining.

The CGA filed a request for a temporary restraining order, which was rejected by the Court. The case is scheduled for a Court hearing on February 23rd for a hearing on a preliminary injunction, which would stop the law while the case is pending. The CGA has also sued the cities of Oakland and Montebello, who have adopted similar actions.

At your request we conferred with the City Attorney to discuss the legal strategies that could be used to lessen the likelihood of legal action against the City in relation to this proposal. If the Council wishes to discuss the legal strategies related to the proposed ordinance, we recommend that the City Attorney be requested to address these issues in closed session.

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Clay McCarter

Analyst

Attachments: A. Other Jurisdictions Hazard Pay Actions
 B. Bonuses and other benefits provided by retail companies
 C. Projected Companies That Will Be Required to Include Hazard Pay Under the Draft Ordinance

Other Jurisdictions Hazard Pay Actions

Jurisdiction	Status	Hazard Pay	Impacted Businesses	Eligible Employees	Ordinance Sunset Date
City of Los Angeles (Proposed)	Draft ordinance submitted to Council	\$5.00	Grocery or drug retail, including retail stores with 85,000 square feet or more that dedicate 10 percent of the sales floor to grocery or drug retail. Must employ over 300 employees nationally and 10 or more employees on-site.	all hourly, non-managerial employees	120 days
Long Beach	Adopted	\$4.00	70% or more of the business activity involves the selling of groceries, and the company employs over 300 covered employees nationally, and has more than 15 employees per site.	Employed at a grocery store, except managers, supervisors, and confidential employees.	120 days
Los Angeles County	Ordinance in the process of being drafted	\$5.00	Grocery stores, convenience stores, liquor stores and other retail locations that sell food or beverage products located in unincorporated Los Angeles County and are publicly traded or have at least 300 employees nationwide and more than 10 employees per store.	All workers	120 days
West Hollywood	Ordinance in the process of being drafted	\$5.00	Grocery store chains that are publicly traded or have at least 300 employees nationwide and more than 10 employees per store.	Frontline workers	120 days or until the city declares the coronavirus local emergency to be over, whichever is longer.

Jurisdiction	Status	Hazard Pay	Impacted Businesses	Eligible Employees	Ordinance Sunset Date
Santa Monica	Adopted an action to prepare an order or ordinance consistent with any such measures imposed in unincorporated areas of Los Angeles County.	\$5.00	Grocery stores, convenience stores, liquor stores and other retail locations that sell food or beverage products located in unincorporated Los Angeles County and are publicly traded or have at least 300 employees nationwide and more than 10 employees per store.	All workers	120 days
Montebello	Adopted	\$4.00	Grocery and drug stores that are publicly traded or have at least 300 employees nationwide and more than 15 employees per store	Employees not including managers, supervisors or confidential employees	180 days

Jurisdiction	Status	Hazard Pay	Impacted Businesses	Eligible Employees	Ordinance Sunset Date
Irvine	Ordinance in the process of being drafted	\$4.00	<p>Retail establishment that employs at least 15 employees on site and employs 300 or more employees nationally and</p> <p>a. (i) devotes 70% or more of its sales floor area to retailing a general range of food products, which may be fresh or packaged, or (ii) receives 70% or more revenue from retailing a general range of food products;</p> <p>b. is more than 85,000 square feet and devotes 10% or more of its sales floor area to the sale of merchandise that is non-taxable pursuant to Section 6359 of the Revenue and Taxation Code; or</p> <p>c. is retail pharmacy that sells a variety of prescription and nonprescription medicines</p>	Individual who performs at least two hours of work in a calendar week but does not include managerial, supervisory, or confidential employees of a covered employer.	120 days

Jurisdiction	Status	Hazard Pay	Impacted Businesses	Eligible Employees	Ordinance Sunset Date
Oakland	Adopted	\$5.00	Grocery stores with 500 or more employees nationwide and a retail/wholesale store over 15,000 square feet.	Any individual working in a qualified grocery store who qualifies as an employee entitled to payment of a minimum wage.	Hazard Pay is required during a Widespread (purple), Substantial (red) or Moderate (orange) Risk Level, and until such time as Risk Levels return to Minimal (yellow).
Berkeley	Ordinance in the process of being drafted	\$5.00	Grocery stores (defined by NAICS Code 445110 – Supermarkets and Other Grocery Stores, except Convenience Stores, with a total floor area over 25,000 square feet, and publicly traded entities or businesses with over 300 employees.	All employees	Ordinance is valid from the period of the effective date through and until such time as the County returns to the Yellow-Tier 4 designation of COVID-19 or 120 days from the effective date of the ordinance

Jurisdiction	Status	Hazard Pay	Impacted Businesses	Eligible Employees	Ordinance Sunset Date
San Jose	Adopted	\$3.00	Retail establishments that sell meats, poultry, dairy products, fresh fruits and vegetables and have at least 300 employees nationwide. Includes a credit for retail establishments that currently provide pay increases related to the COVID-19 pandemic.		Until the Santa Clara County Health Officer has lifted mandatory directives for implementing the State's Regional Stay at Home Order related to the COVID-19 pandemic.
Seattle	Adopted	\$4.00	Grocery business with more than 500 employees worldwide. "Grocery business" would include a retail store that is either: 1. Over 10,000 square feet in size and that is primarily engaged in retailing groceries for offsite consumption; or 2. Over 85,000 square feet and with 30 percent or more of its sales floor area dedicated to the sale of groceries.	All employees except executive, administrative, or professional roles.	Valid for as long as the city's coronavirus civil emergency remains in effect.

Bonuses and Other Benefits Provided by Retail Companies to Their Employees

- Target (an increase by \$1 billion from 2019 employee benefits)²
 - Bonus Payments
 - April 2020: **\$250-\$1,500** to 20,000 employees
 - July 2020: **\$200** to all hourly employees in stores and distribution centers
 - October 2020: **\$200** to 350,000 employees
 - January 2021: **\$500-\$2,000** to 375,000 employees
 - Free virtual healthcare visits
 - 30-day paid leave for vulnerable team members susceptible to the coronavirus
 - Paid leave options for team members who are symptomatic, have a confirmed case of coronavirus, or have been quarantined due to exposure.
 - Mental health resources
- Amazon (\$2.5 billion on special bonuses and incentives in 2020)
 - Bonus Payments
 - June: **\$150-\$500** for warehouse, Whole Foods, and delivery workers
 - December 2020: **\$150 or \$300** for operations employees
 - An employee diagnosed with COVID-19 receives up to two weeks of pay
 - Established a \$25 million relief fund for employees facing financial hardship or quarantine
- Walmart
 - Bonus Payments
 - March 2020: **\$150 or \$300**
 - June 2020: **\$150 or \$300**
 - November 2020: **\$150 or \$300**
 - December 2020: **\$150 or \$300**
 - Employees required to quarantine will receive up to two weeks of pay
- Albertsons
 - Bonus Payments
 - June 2020: equal to **\$4 per hour** for the average hours worked between March 15 and June 13
 - December 2020: equal to **\$5 per hour** for weekly average hours worked during the recent 12-week period
- Costco
 - Bonus Payments
 - None
- Kroger (over \$1 billion in new benefits in 2020)
 - Bonus Payments
 - March 2020: **\$150 or \$300**
 - May 2020: **\$200 or \$400**
 - June 2020: **\$200 or \$400**
 - February 2021: **\$100** for employees who get vaccinated
 - Store credits and fuel points

² The source of all employer COVID-19 investments is their respected websites.

- Two weeks paid time off for employees diagnosed with COVID-19, placed under quarantine, or practicing self-isolation
- \$15 million available to provide financial assistance to employees who face hardship due to COVID-19
- Mental health resources
- Walgreens
 - Bonus Payment
 - March 2020: **\$150 or \$300**
- CVS
 - Bonus Payments
 - March 2020: **\$150-\$500**
 - 14-day paid leave for any employee who tests positive for COVID-19 or needs to be quarantined as a result of potential exposure
 - Employee Relief Fund

Projected Companies That Will Be Required to Include Hazard Pay Under the Draft Ordinance

Mid-Size Grocery Stores	Number of Locations	Employees (estimated)*
Super King	8	640
Mitsuwa	11	880
Nijiya	12	960
Lassens	11	880
Zion	7	560
Han Kook	4	320
Erewhon	6	480
Big Saver	10	800
Eataly	8	640
Island Pacific Market	16	1,280
Marukai	4	320
Numero Uno	24	1,920
Super A Foods	8	640

*The number of store locations is multiplied by 80 to determine total employees

Large Grocery Stores

Northgate
 Sprouts
 Kroger (Ralphs/Food 4 Less)
 Albertsons (Vons/Pavilions)
 Aldi/Trader Joe's
 Grocery Outlet
 Gelsons
 Vallarta
 Superior
 Smart and Final
 Jons Market
 El Super
 Whole Foods
 99 Ranch
 Costco
 Seafood City

Bristol Farms
 H Mart
 Mother's

Large Retail Stores

Walmart/Sam's Club
 Target

Large Drug Stores

Walgreens
 CVS (including Longs Drugs)
 Rite Aid

