



City of Culver City

Mike Balkman Council
Chambers
9770 Culver Blvd.
Culver City, CA 90232

Staff Report

File #: 21-903, **Version:** 1

Item #: A-1.

CC - (1) Introduction of an Ordinance Establishing Premium Hazard Pay for On-Site Grocery and Drug Retail Workers; and (2) Direction to the City Manager as Deemed Appropriate.

Meeting Date: April 26, 2021

Contact Person/Dept: Shelly Wolfberg/City Manager's Office
Phone Number: (310) 253-6000

Fiscal Impact: Yes ☐ No ☒

General Fund: Yes ☐ No ☒

Public Hearing: ☐ **Action Item:** ☒ **Attachments:** ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: (E-Mail) Culver City Chamber of Commerce, Downtown Business Association, Culver City Businesses with Business Tax Certificates, and Meetings and Agendas - City Council (04/21/2021).

Department Approval: John M. Nachbar (04/21/2021)

RECOMMENDATION

Staff recommends the City Council (1) introduce an Ordinance establishing premium hazard pay for on-site grocery and drug retail workers; and (2) provide direction to the City Manager as deemed appropriate.

BACKGROUND/DISCUSSION

Proposed Premium Hazard Pay Ordinance

At the April 12, 2021 City Council Meeting, City Council voted 3-2 in favor of agendizing the introduction of an Ordinance establishing premium hazard pay for on-site grocery and drug retail workers, similar to the City of Los Angeles' Ordinance No. 186940.

As directed by City Council, the proposed Ordinance is based on the City of Los Angeles' model, and contains the following provisions:

- Premium Hazard Pay Amount: \$5.00/hour;

- Affected Businesses:
 - Grocery stores with over 300 employees nationwide, and more than ten employees on-site in the City, that primarily sell food or household goods;
 - Drug Retail stores with more than 300 employees nationwide and more than ten employees on-site in the City, that sell a variety of prescription and nonprescription medicines and miscellaneous items;
 - A retail store with more than 300 employees nationwide, and more than ten employees on site in the City, where the retail store has at least one site in the City over 85,000 square feet that dedicates 10 percent of the sales floor to grocery or drug retail.
- Eligible Employees - All non-managerial (i.e., non-exempt) employees who work at least two hours in a particular week within the geographical boundaries of the City;
- Employees may not retaliate against any employee for seeking the compensation provided for in the ordinance, or for seeking to enforce their rights under the ordinance;
- Provides a private right of action for any employee aggrieved by a violation of the ordinance;
- Ordinance Sunset Date - 120 days.

The Proposed Ordinance is presented this evening for City Council's consideration (Attachment 1).

Closure of Stores

Following the City of Los Angeles City Council adoption of its Premium Hazard Pay Ordinance, on April 7, 2021, the Los Angeles City Council introduced a Motion related to the ordinance. The Motion reads, in part,

“After the passage of the City of Los Angeles' Premium Hazard Pay for On-Site Grocery and Drug Retail Workers Ordinance, (the Ordinance), Ralphs Grocery Co. and Food 4 Less have announced the closure of three allegedly underperforming stores within the City of Los Angeles. During the public debate prior to the passing of the ordinance, there were threats that the passage of the Ordinance could force the closure of stores due to the cost. After the passage of the ordinance, the message from store representatives was that these closures had been long planned, adding claims that these stores were losing millions of dollars per year. These companies and their parent company, the Kroger Co., have offered the same explanation for closure of stores in other jurisdictions that have enacted similar hazard pay ordinances.” (See Attachment 2).

Litigation regarding similar hazard pay Ordinances

As mentioned in the April 12, 2021 discussion item staff report on hazard pay ordinances, the California Grocers Association has filed lawsuits against other cities, including Long Beach, Montebello, West Hollywood, Oakland, Daly City and San Jose, all who have adopted similar premium hazard pay ordinances. The City Attorney's office and City staff will be monitoring relevant legal cases as they progress through the courts.

FISCAL ANALYSIS

There is no fiscal impact relative to introducing the premium hazard pay for on-site grocery and drug retail workers ordinance.

ATTACHMENTS

1. 2021-04-26__ATT__Proposed Ordinance Premium Hazard Pay.
2. 2021-04-26__ATT__City of LA Motion re Closures of Grocery Stores-Hero Pay-2021-04-07.

MOTION

That the City Council:

1. Introduce an Ordinance Establishing Premium Hazard Pay for On-Site Grocery and Drug Retail Workers; and
2. Provide direction to the City Manager as deemed appropriate.