Maricela Hernandez

From: Mary Sue Maurer <maureredge@gmail.com>

Sent: Tuesday, March 23, 2021 4:46 PM

To: Maricela Hernandez

Subject: Fwd: Grocery workers hero pay

Public comment on Hero Pay item

----- Forwarded message -----

From: **Shelley Baker** < <u>calbakes@aol.com</u>>

Date: Tue, Mar 23, 2021 at 3:39 PM Subject: Grocery workers hero pay

To: Mary Sue Maurer < maureredge@gmail.com>

Hi Mary Sue,

I hope all is well with you and your family. I wanted to share with you an issue that I recently learned about. Grocery workers in the city of Los Angeles and unincorporated areas of Los Angeles County are now receiving an extra \$5 per hour 'hero pay' while the employees of large corporation grocery stores within the city of Calabasas are not receiving the same. I hope that the Calabasas City Council will follow the example of the county and city of Los Angeles and help these workers.

Thanks,

Shelley Baker Resident and friend

--

Mary Sue Maurer Calabasas Mayor pro Tem www.cityofcalabasas.com @marysuemaurer



P. O. Box 54143 - Los Angeles, California 90054, (310) 884-9000

April 1, 2021

Michael McConville Management Analyst City of Calabasas 100 Civic Center Way Calabasas, CA 91302

Sent via email to mmcconville@cityofcalabasas.com

Dear Mr. McConville:

Ralphs Grocery Company thanks you and the City Council for your leadership throughout the COVID-19 pandemic, in addition to your care and concern for grocery workers in the City of Calabasas. We also sincerely thank you for reaching out to gather all details for a well-informed discussion on the merits of Extra Pay for grocery workers at the City Council meeting on April 14, 2021 – this is an opportunity that has not been afforded to us in any other California jurisdiction that has mandated a similar ordinance. We applaud your proactive efforts to obtain the information necessary for a fair and balanced discussion.

Since the start of the pandemic, Ralphs, Food 4 Less and all Kroger frontline associates have received a series of rewards in the form of one-time cash payments, temporary hourly wage increases and store credits. I urge you to visit www.krogercovidresponse.com to learn what has already been accomplished to date with regard to rewarding associates for a job well-done.

In order to protect our associates, customers and communities, the cost of doing business expanded greatly in 2020. Our company rose to meet the challenge of the COVID-19 pandemic head on by investing \$2.5 billion to both reward our associates and strengthen pensions, while also implementing dozens of safety measures for the protection of our associates and customers. The company also continues to provide rewards for associates, including recently issuing \$50 million in rewards to frontline associates.

For more than 147 years, Ralphs has been a strong community partner, currently employing more than 7,000 associates in Los Angeles County with competitive wages, world-class medical benefits and a stable pension for retirement. But sustainable operations are becoming more difficult. You may have recently seen that the City of Los Angeles' mandate requiring an extra \$5 an hour will create an additional \$20 million in operating costs over the next 120 days. This is on top of the average total compensation of \$24 an hour for Ralphs associates in the City – one of the highest in the industry. In fact, the City's own Economic Impact Report advised against moving ahead with the mandate. If you'd like to learn more about grocery retail and the financial effects of extra pay in the City of Los Angeles, please visit this Link.

Grocery stores are responsible for their individual profit and loss accountability, while operating on razor thin margins – typically around 1-2%. An additional \$4-\$5 an hour for each grocery associate could have unintended consequences in the form of increased grocery costs for families, reduced hours and fewer jobs for workers and even store closures. You can learn more about the potential impacts of a mandated extra pay ordinance at www.extrapayfacts.com.

To be clear, Ralphs is already committed to long-term wage increases. In fact, our company announced earlier this week that we will be investing another \$350 million in associate wages this year nationwide. However, we are

Page 2

opposed to mandated increases that apply to some, but not all frontline workers and not all companies that employ frontline workers. As an example, several extra pay ordinances, including the increases in Long Beach, Seattle and other West Coast cities don't include popular big box retailers, nor do most of the ordinances include any business outside of grocery and drug retail that was considered essential and remained open during the pandemic.

While extra pay for grocery workers won't make them any safer, the vaccine will. Ralphs and Food 4 Less are offering a \$100 payment to associates who get vaccinated. To date, we have already provided the first dose or fully vaccinated more than 20% of our workforce who have chosen to receive the vaccine, as we are committed to be part of the solution and safeguard the health and safety of our communities.

Thank you for reading and for giving this topic the care and consideration it requires. Please feel free to contact me if you have any questions.

Kindest regards,

John Votava

Director, Corporate Affairs Ralphs Grocery Company MORRISON | FOERSTER

425 MARKET STREET SAN FRANCISCO CALIFORNIA 94105-2482

TELEPHONE: 415.268.7000 FACSIMILE: 415.268.7522

WWW.MOFO.COM

MORRISON & FOERSTER LLP

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April 11, 2021

Writer's Direct Contact +1 (415) 268.6358 WTarantino@mofo.com

Via Email

The Honorable James R. Bozajian City of Calabasas 100 Civic Center Way Calabasas, California 91302

Re: Hazard Pay for Grocery Workers Ordinance

Dear Council Members:

We write on behalf of our client, the California Grocers Association (the "CGA"), regarding the proposal on the City Council's April 14, 2021 agenda to consider a "hazard pay" ordinance for grocery workers in Calabasas. Any hazard pay ordinance will compel grocers in Calabasas to spend less on worker and public health protections in order to avoid losses that could lead to closures. In addition, an ordinance would interfere with the collective-bargaining process protected by the National Labor Relations Act (the "NLRA"), and unduly targets certain grocers in violation of their constitutional equal protection rights. We respectfully request that the City Council take a careful and considered look at these issues before making any decision on a hazard pay ordinance.

Hazard pay ordinances do not address frontline workers' health and safety. The purported purpose of these ordinances are to protect the public health and safety, but these ordinances as proposed in every city have been devoid of any requirements related to the health and safety of frontline workers or the general public and instead imposes costly burdens on certain grocers by requiring them to provide mandatory wage increases of up to \$5.00 per hour for all hours worked. A wage increase does not play any role in mitigating the risks of exposure to COVID-19, nor is there any evidence that grocery store workers are exposed to higher risks than other essential workers. If anything, an ordinance could increase those risks, as it may divert funds that otherwise would have been available for grocers to continue their investments in public health measures recognized to be effective: enhancing sanitation and cleaning protocols, limiting store capacity, expanding online orders and curbside pickup service, and increasing spacing and social distancing requirements.

MORRISON | FOERSTER

These ordinances choose winners and losers among frontline workers in mandating wage increases. Other retail and health care workers are ignored, despite the fact that those same workers have been reporting to work since March.

<u>Hazard pay ordinances are unconstitutional.</u> By mandating hazard pay, the City would improperly insert itself into the middle of the collective bargaining process protected by the National Labor Relations Act. Grocers have continued to operate, providing food and household items to protect public health and safety. In light of the widespread decrease in economic activity, there is also no reason to believe that grocery workers are at any particular risk of leaving their jobs, but even if there were such a risk, grocers would have every incentive to increase the workers' compensation or otherwise bargain with them to improve retention. A hazard pay ordinance would interfere with this process, which Congress intended to be left to be controlled by the free-play of economic forces. *Machinists v. Wisconsin Employment Relations Comm'n*, 427 U.S. 132 (1976).

For example, in *Chamber of Commerce of U.S. v. Bragdon*, the Ninth Circuit Court of Appeals held as preempted an ordinance mandating employers to pay a predetermined wage scale to employees on certain private industrial construction projects. 64 F.3d 497 (9th Cir. 1995). The ordinance's purported goals included "promot[ing] safety and higher quality of construction in large industrial projects" and "maintain[ing] and improv[ing] the standard of living of construction workers, and thereby improv[ing] the economy as a whole." *Id.* at 503. The Ninth Circuit recognized that this ordinance "differ[ed] from the [a locality's] usual exercise of police power, which normally seeks to assure that a minimum wage is paid to all employees within the county to avoid unduly imposing on public services such as welfare or health services." *Id.* at 503. Instead, the ordinance was an "economic weapon" meant to influence the terms of the employers' and their workers' contract. *Id.* at 501-04. The Ninth Circuit explained that the ordinance would "redirect efforts of employees not to bargain with employers, but instead, to seek to set specialized minimum wage and benefit packages with political bodies," thereby substituting a "free-play of economic forces that was intended by the NLRA" with a "free-play of political forces." *Id.* at 504.

While the City has the power to enact ordinances to further the health and safety of its citizens, it is prohibited from interfering directly in employers' and their employees' bargaining process by arbitrarily forcing grocers to provide wages that are unrelated to minimum labor standards, or the health and safety of the workers and the general public. While minimum labor standards that provide a mere backdrop for collective bargaining are consistent with the NLRA, local laws such as a hazard pay ordinance, which effectively dictate the outcome of the college bargaining process, are preempted. An ordinance such as the one proposed here imposes unusually strict terms on a narrow band of businesses without any allowance for further bargaining. By enacting an ordinance such as this, the City would end any negotiations by rewriting contracts.

Hazard pay ordinances also violate the U.S. Constitution and California Constitution's Equal Protection Clauses (the "Equal Protection Clauses"). The Equal Protection Clauses provide

for "equal protections of the laws." U.S. Const. amend. XIV, § 1; Cal. Const. art I, § 7(a). This guarantee is "essentially a direction that all persons similarly situated should be treated alike" and "secure[s] every person within the State's jurisdiction against intentional and arbitrary discrimination, whether occasioned by express terms of a statute or by its improper execution through duly constituted agents." *City of Cleburne v. Cleburne Living Center*, 473 U.S. 432, 439 (1985); *Village of Willowbrook v. Olech*, 528 U.S. 562, 564 (2000). No law may draw classifications that do not "rationally further a legitimate state interest." *Nordlinger v. Hahn*, 505 U.S. 1, 10 (1992). By requiring that any classification "bear a rational relationship to an independent and legitimate legislative end, [courts] ensure that classifications are not drawn for the purpose of disadvantaging the group burdened by law." *Romer v. Evans*, 517 U.S. 620, 633 (1996).

As discussed above, these ordinances unfairly target traditional grocery companies and ignore other generic retailers and other businesses that employ frontline workers. *See Fowler Packing Co., Inc. v. Lanier*, 844 F.3d 809, 815 (9th Cir. 2016) ("[L]egislatures may not draw lines for the purpose of arbitrarily excluding individuals," even to "protect" those favored groups' "expectations."); *Hays v. Wood*, 25 Cal. 3d 772, 786-87 (1979) ("[N]othing opens the door to arbitrary action so effectively as to allow [state] officials to pick and choose only a few to whom they will apply legislation and thus to escape the political retribution that might be visited upon them if larger numbers were affected."). Moreover, as an ordinance that would impinge on fundamental rights to be free of legislative impairment of existing contractual agreements, this ordinance would be subject to heightened scrutiny by courts. *See, e.g., Plyler v. Doe*, 457 U.S. 202, 216 (1982); *Hydrick v. Hunter*, 449 F.3d 978, 1002 (9th Cir. 2006); *Long Beach City Employees Ass'n v. City of Long Beach*, 41 Cal.3d 937, 948 (1986). The City's unilateral modification of contractual terms governing wages and hours of grocery employees would go to the very heart of bargained-for agreements.

For the reasons discussed above, we respectfully request that the City Council reject any proposal for a hazard pay ordinance.

Sincerely,

William F. Tarantino

Cc: Calabasas City Council Mary Sue Maurer

> Peter Kraut David J. Shapiro Alicia Weintraub

April 12, 2021

The Honorable James Bozajian Mayor, City of Calabasas 100 Civic Center Way Calabasas, CA 91302 cga

RE: Grocery Worker Pay

Dear Mayor Bozajian,

On behalf of Calabasas grocers, I write to ask the Council to not move forward with the proposed grocery worker premium pay ordinance given the numerous negative consequences to grocery workers, neighborhoods and the grocery industry. Based on the consequences experienced in other jurisdictions with similar ordinances, we must oppose the ordinance for both policy and legal reasons.

We agree that grocery workers serve a vital and essential role during the pandemic. They have worked tirelessly to keep stores open for consumers, allowing our communities to have uninterrupted access to food and medications. To protect our employees, grocery stores were among the first to implement numerous safety protocols, including providing PPE and masks, performing wellness checks, enhancing sanitation and cleaning, limiting store capacity, and instituting social distance requirements, among other actions.

On top of increased safety measures, grocery employees have also received unprecedented amounts of supplemental paid leave to care for themselves and their families in addition to already existing leave benefits. Grocers have also provided employees additional pay and benefits throughout the pandemic in various forms, including hourly and bonus pay, along with significant discounts and complimentary groceries. All of these safety efforts and additional benefits clearly demonstrate grocers' dedication and appreciation for their employees. Most importantly the industry has been fierce advocates for grocery workers to be prioritized for vaccinations. This is evident now that your county has been considering grocery workers a priority for weeks now and nearly every grocery worker has the opportunity to be vaccinated.

Unfortunately, a Grocery Worker Pay ordinance would mandate grocery stores provide additional pay beyond what is feasible, which would severely impact store viability and result in increased prices for groceries, limited operating hours, reduced hours for workers, fewer workers per store, and most concerning, possible store closures. These negative impacts from the ordinance would be felt most acutely by independent grocers, ethnic format stores, and stores serving low-income neighborhoods. The Cities of Los Angeles, Long Beach and Seattle, who have passed a similar ordinance, have already suffered the permanent loss of several full-service grocery stores as direct result.

We request the City of Calabasas perform an economic impact report to understand the true impacts of this policy. If you choose not to understand specific impacts for Calabasas, then we refer you to the economic impact report from the City of Los Angeles Legislative Analyst Office and the San Francisco Office of the Controller. These reports make it clear that the impact of this policy will severely impact workers, consumers, and grocery stores.

In their own words the Los Angeles City Legislative Analyst clearly states that grocery "companies would be required to take action to reduce costs or increase revenue as the labor increase will eliminate all current profit margin." The report recognizes that "affected companies could raise prices to counteract the additional wage cost." This type of ordinance would put "more pressure on struggling stores (especially independent grocers) which could lead to store closures" and that "the closure of stores could lead to an increase in 'food deserts' that lack access to fresh groceries."

The San Francisco Controller's Office in their Economic Impact Report urges decision-makers to consider "the distributional impact of having local consumers, including low-income households, pay for wage mandates that lead to higher labor costs for business." The report identifies the ordinance will "possibly lead to reduced employment and higher consumer prices.



These costs would generate negative multiplier effects on other local industries and sectors of the local economy." The report also identifies "a decline in employment of 164 jobs."

These are all scenarios we know everyone in the community wants to avoid, especially during a pandemic. This is why we are asking the Council to not move forward with this policy and, instead, focus on making sure all grocery workers are provided the vaccine.

Specific to ordinance language, there are numerous policy and legal issues which unnecessarily single out the grocery industry and create significant burdens. The ordinance fails to recognize the current efforts grocers are making to support their employees and requires grocers add significant costs on to existing employee benefit programs.

Furthermore, passing this ordinance improperly inserts the city into employee-employer contractual relationships. The ordinance also ignores other essential workers, including city employees, that have similar interaction with the public. Taken in whole, this ordinance is clearly intended to impact only specific stores within a single industry and fails to recognize the contributions of all essential workers. Based on language specifics, this ordinance misses a genuine effort to promote the health, safety and welfare of the public.

Emergency passage of the ordinance also ignores any reasonable effort for compliance by impacted stores, as several grocery stores will be operating at the time of passage. By implementing the ordinance immediately there is literally no time to communicate to employees, post notices, adjust payroll processes, and other necessary steps as required by California law. Coupled with the varied enforcement mechanisms and significant remedies outlined, the passage of this ordinance would put stores into immediate jeopardy. This scenario is yet another negative consequence resulting from the lack of outreach to grocers and the grocery industry to understand real world impacts.

Grocery workers have demonstrated exemplary effort to keep grocery stores open for Calabasas. This why the grocery industry has provided significant safety measures and historic levels of benefits that include additional pay and bonuses. It is also why vaccinating grocery workers has been our first priority. Unfortunately, this ordinance is a significant overreach of policy and jurisdictional control. This will result in negative consequences for workers and consumers that will only be compounded by the pandemic.

We respectfully implore the Council to not move forward with the grocery worker pay ordinance at this time. We encourage you to recognize and understand the impacts of this ordinance on workers and the community by accepting our invitation to work cooperatively with Calabasas grocers. If Council must bring the ordinance forward for a vote at this time we ask you to oppose its passage. CGA is submitting additional information from our legal counsel for your consideration.

Thank you for your consideration and we look forward to combating the pandemic in partnership with the City of Calabasas.

Sincerel

California Grocers Association

CC: Members, Calabasas City Council City Clerk, City of Calabasas





Senior Vice President, Operations

P.O. Box 1802 Encino, CA 91426-1802 16400 Ventura Blvd., Suite 240, Encino, CA 91436 p: (818) 906-5724 f: (818) 990-7877 www.gelsons.com

April 13, 2021

Michael McConville Management Analyst City of Calabasas 100 Civic Center Way Calabasas, CA 91302

Sent via email to mmcconville@cityofcalabasas.com

Dear Mr. McConville,

Thank you for the opportunity to provide you and the City Council with some information about our store in Calabasas. We appreciate the fact that the Council is interested in gathering all the facts about the topic of rewarding our essential workers for their efforts during the challenges of the pandemic.

Gelson's truly values and appreciates our employees as we know our success depends on them, not just during the pandemic but over the long term. That is why, from the beginning of the pandemic in March of 2020, we have rewarded our employees with a myriad of extra pay and benefits. I will list some of the benefits below that directly relate to our location in Calabasas.

- For the first couple of weeks when the store was very busy, the company paid for all food and beverages
 the employees consumed on their breaks and meals. Subsequently and for the next twelve months, we
 provided free lunch 3 times every week. For this store, the total expense for those meals was more than
 \$100,000.
- Gelson's increased the employee discount on all purchases to 25% every day beginning in March 2020, and that benefit continues now. This benefit represents another \$138,000 for the employees at the Calabasas store.
- From March through the end of June 2020, we provided an extra \$2 per hour hazard pay to all employees. This was an additional \$85,000 expense in Calabasas.
- Throughout the second half of last year, all employees were given gift cards as a bonus several times (in lieu of "hazard pay"). These gift cards totaled approximately \$48,000 for that store.
- For Christmas week, the company provided an additional \$2 per hour bonus for all hours worked by hourly employees.
- The company provided two weeks of paid supplemental sick leave beginning in Feb 2020 for all employees to cover any time when they were sick, had to quarantine, or take care of a family member who was sick. So far, this expense is \$28,000 for that store, and beginning in January of this year, another two weeks supplemental pay is available for those who need it.
- To encourage our employees to get vaccinated, we are offering a \$100 gift card incentive. To date, 43% of the employees have received this benefit.
- Gelson's took the unprecedented step of closing the store on the day after Thanksgiving to give the
 employees some much needed time off to rest and spend time with family.
- Throughout last year and the beginning of this year, employees were given the opportunity to work overtime if they wanted to (which is paid at time and one-half their regular rate). This allowed employees



- to make significantly more than they had in prior years many saw an increase in their total wages between 15 30%, without including the benefits mentioned above.
- Our employees are all members of the UFCW Retail Clerks Union working under a Collective Bargaining
 Agreement which means they have pre-negotiated raises that increased their base pay last year and this
 year.

The safety of our employees and customers is paramount to our operation. To provide a safer store and minimize exposure we implemented many new safety measures and incurred additional expenses of close to \$300,000 in the last year, just for that store. These expenses are ongoing as we continue to ensure a safe work environment and a safe place to shop. Over the past 13 months, we have had minimal issues, with only 15 positive cases at that location, for an employee base of about 120 employees last year. Through contact tracing, we determined the vast majority of those 15 cases were from contacts outside of work.

Our sales did increase in 2020 during the first few months of the pandemic, and we passed along benefits to our employees while spending more on safety measures. Sales have since flattened to pre-pandemic numbers, and customer count is running 20% less than pre-pandemic, so the exposure to employees is not what it was last year. We love being a part of the Calabasas community and are preparing to spend several million dollars on a remodel this year to make our store even better for our customers.

Thank you for taking the time to read this message from Gelson's and to consider all aspects of this decision.

Best Regards,

Donna Tyndall

Senior Vice President of Operations

Gelson's Markets

cc: Calabasas City Council Members



April 13, 2021

Calabasas City Council Calabasas City Hall 100 Civic Center Way Calabasas, CA 91302

Dear City Councilmembers,

The California Restaurant Association is the definitive voice of the food service community in California and is the oldest restaurant trade association in the nation.

We write today to respectfully request that you oppose any mandated pay increases in this unprecedented time of public health and economic uncertainty. The restaurant sector has been the hardest hit. Before the pandemic shutdowns, there were 1.4 million Californians working in restaurants. Since March of 2020, an estimated 900,000 to 1 million of them have either been laid off or furloughed.

As we respond to COVID-19 with measures to protect the public health and mitigate the spread of the virus, restaurants as well as other small businesses are feeling the unprecedented financial impacts of these measures. In response to the Governor's Emergency Orders, thousands of restaurants have gone out of business and those that are still open have been required to adjust their operations to only takeout and delivery and most recently to onsite dining at limited capacity. As a result of the forced and prolonged closures, customer traffic and sales have plummeted. The impacts of these changes to restaurant operations have been devastating.

In order to comply with state and local health orders as well as COVID-19 regulations, restaurants have spent countless hours establishing new COVID-19 safety protocols, re-hiring staff and elevating staff training, and spent thousands of dollars on re-constructing layouts to ensure safe physical distancing requirements, purchasing PPE, installing plexiglass barriers, and cleaning supplies.

The ongoing pandemic has created uncertainty for restaurants and made it impossible for restaurants to plan for the future.

If ever there was time to do no harm, that time is now, as the restaurant community tries to slowly get reopened safely and back to employing workers. Thank you for your consideration.

Sincerely,

David Juarez

Director of Local Government Affairs California Restaurant Association



April 29, 2021 <u>Sent Via Email</u>

UFCW LOCAL 770

P.O. BOX 770 Hollywood, CA 90078 (213) 487-7070 or/o (800) UFCW 770 8:00 a.m. – 5:00 p.m. Monday – Friday

LOS ANGELES
MAIN OFFICE

630 Shatto Place Los Angeles, CA 90005

BRANCH OFFICES

Arroyo Grande Bakersfield Camarillo Harbor City Huntington Park Santa Barbara Santa Clarita RE: Federal Funds to Support for Hero Pay for Grocery and Drug Retail Workers in Calabasas

Dear Mayor Bozajian and Fellow Councilmembers:

Calabasas City Council

Mayor James Bozajian

Calabasas, CA 91302

100 Civic Center

On behalf of the United Food and Commercial Workers Local 770, we are writing to follow up on the unanimous decision by the Calabasas City Council to distribute money received from the American Rescue Plan Act of 2021 to grocery and drug retail workers in the City. During deliberations members of the City Council requested recommendations on how to adequately and fairly distribute these public dollars. Indeed, Calabasas is one of first cities in California to move forward as we wait for final direction from the United States Treasury Department to states. Therefore, this distribution could serve as precedent for other cities considering such action.

The following are our recommendations:

- The City of Calabasas will need to develop rules and regulations, including a clear and transparent process to require employers to provide hazard pay reimbursed by the City as described herein.
- Employers (all grocery and drug retail) covered by this motion should be given grants that they are obligated to directly distribute to employees. All employees who were employed for the four month period from __ to ___ should be given 5 dollars for every hour worked. The amount of money will be provided to the Employer once the employer certifies under the penalty of perjury to the City the amount owed to cover payment to the workers. Payments will made by the employer to the employees within two weeks from receipt of the funds. Proof of payment will be provided to the City. We recommend this approach as the Employers are in the best position to know and verify amount of hour worked by employees and process such payments.
- Only workers who have earned less than \$70,000 in 2020 on tax filing will be eligible.
- There should be no cap on size of business such as number of employees.
- Only non-managerial staff should be considered. Managerial staff are often paid much higher salaries.

We expect the Treasury Department to issue final guidance in the next 2-3 weeks. Upon receipt, we look forward to working with your Council in development and partnership of this distribution.

Thank you for your consideration in this matter.

Best regards, UFCW LOCAL 770

John M. Grant, President

JMG:ic

Maricela Hernandez

Subject:

FW: UFCW 770 Recommendations on Public Funds Distribution

----- Forwarded message ------From: Nam Le < nam.le@ufcw770.org >
Date: Tue, May 25, 2021 at 4:03 PM

Subject: Re: UFCW 770 Recommendations on Public Funds Distribution

To: < maureredge@gmail.com>

CC: Rachel Torres < rachel.torres@ufcw770.org>

Afternoon Councilmember Maurer:

I hope this email finds you well. My name is Nam Le and I am filling in for Rachel Torres while she is out on medical leave.

I wanted to share an important update with you. On May 11th, the <u>US Treasury released their anticipated guidance on the Coronavirus State and Local Fiscal Recovery Funds</u>. As part of the American Recovery Act of 2021 this pot of money will be available to state and local government to help pay for, among other things, premium pay for essential workers. Congress provided funds so that America's essential workers could be compensated in some small way for the sacrifices made while working through a global pandemic. Workers in a number of critical industries including meat processing and grocery could now be eligible for premium pay.

<u>UFCW praised the Biden Administration guidance calling for essential worker COVID premium pay</u> to be prioritized as governors distribute the \$350 billion in state and local COVID relief aid from the American Rescue Plan.

Provide premium pay for essential workers:

Recognizing the continuous work of essential workers during the pandemic, the Funds can be used to provided premium pay directly, or through grants to private employers, to essential workers who must be physically present at their jobs. including those whose work involves protecting the health and wellbeing of their communities.

Thank you in advance for your leadership and guidance. Can we schedule a time to talk with you and your staff?

All the best,

Nam

On Thu, Apr 29, 2021 at 3:26 PM Rachel Torres <rachel.torres@ufcw770.org> wrote:

Dear Mayor Bozajian and Fellow Council Members:

Attached please find UFCW Local 770's recommendations regarding the distribution of public funds in support of grocery and drug retail workers.

Thank you for your consideration in this matter.

Best regards, Rachel Torres

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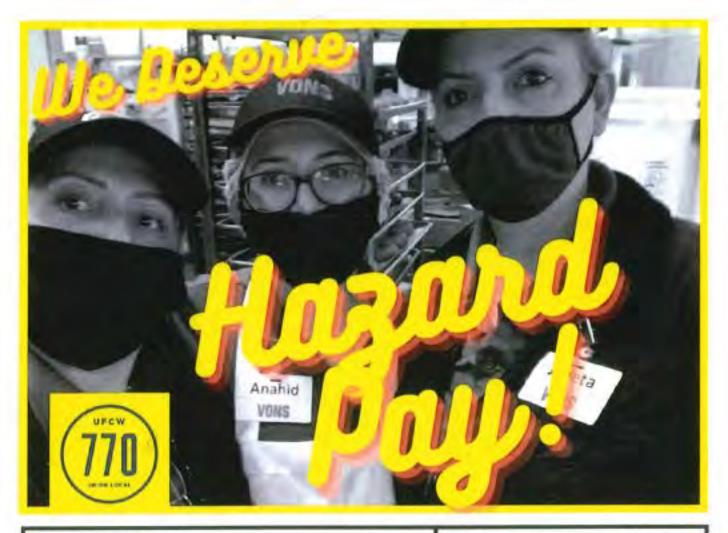


Rachel Torres Deputy Political and Civil Rights Director UFCW 770

T: 805.765.7491 www.ufcw770.org







My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Jade Camacho

Workplace: Albertsons

Years of Service: 10 Months



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: 54/1/9 6(cips

Workplace: Albeitsons calabasas

Years of Service: /year



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

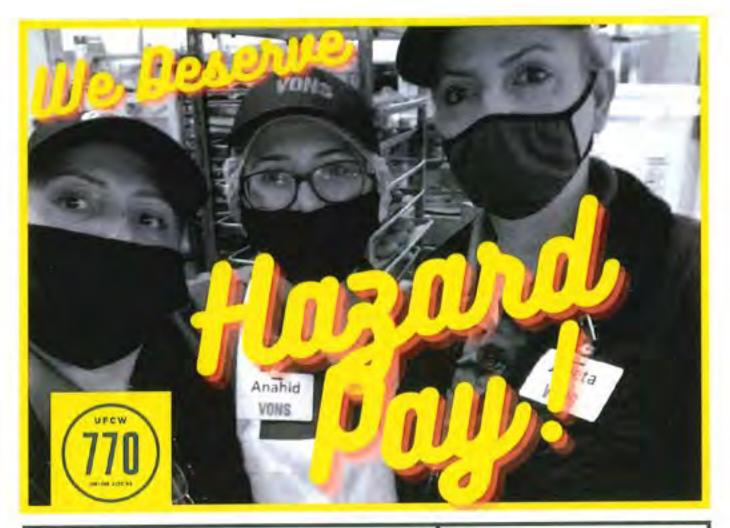
Workplace: Albertsons relabered

Years of Service: 16 y als



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Julieta Villacana

Workplace: Albertsone

Years of Service: 20



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Jose L. Cornal

Workplace: Alberts and # 1335

Years of Service: 33 years



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Havon Silva

Workplace: Floral Albertson

Years of Service: 8 years



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Jamara Bluett

Workplace: Albertsons

Years of Service: 2 1/2



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Golene McQacon

Workplace: albertson 1335

Years of Service: 3455



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely, Austin Rawnsley

Workplace: M58/75 NS/33

Years of Service:



TO:

City Council

CA196595



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: ____________

Workplace: Mhurbans

Years of Service:



TO:

City Council

of Mulausus



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Dirigon Wilson

Workplace: Allers ws

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Ben Sessing

Workplace: Albertsons

Years of Service: _/



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

S	iı	n	•	0	r	0	b	v	
•	ш	11	•	c		c		7	9

Name: Donny Herminde 2

Workplace: Albeason S



TO:

City Council



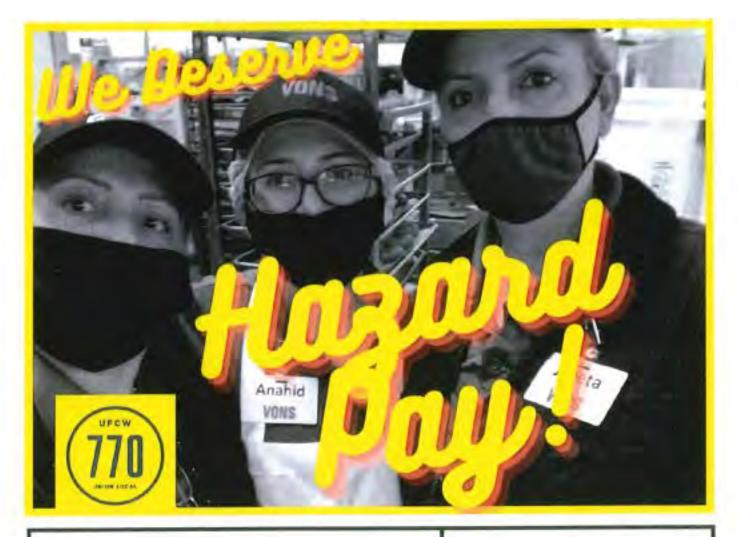
My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,	
Name: Ali Hong	mand
Workplace: A/ba	errsons 1335
Years of Service:	9



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Vicki Terranova Workplace: Albertsons 1335

Years of Service: 39



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Michele Burlew

Workplace: Albertsons 1335

Years of Service: 36



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Carol J. Gillis

Workplace: Albertsons 1335 CALABASAS Years of Service: 29



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Carol Guillis

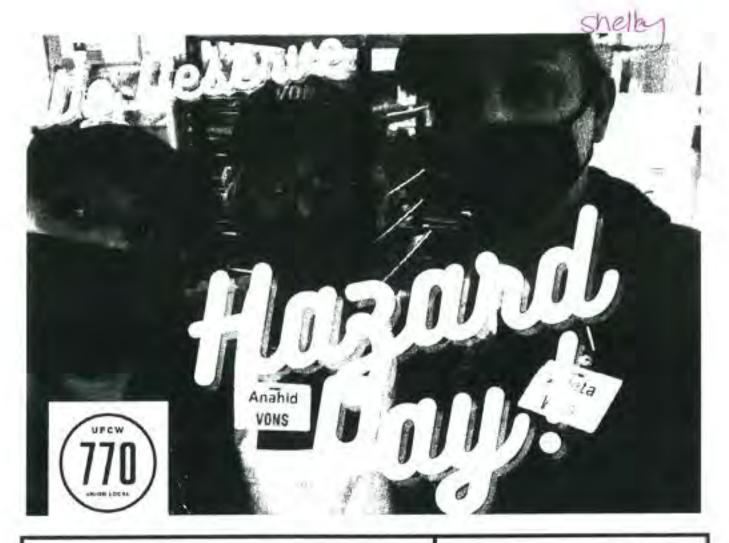
Workplace: Albertsons 1335

Years of Service: _____



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Shelley Baker

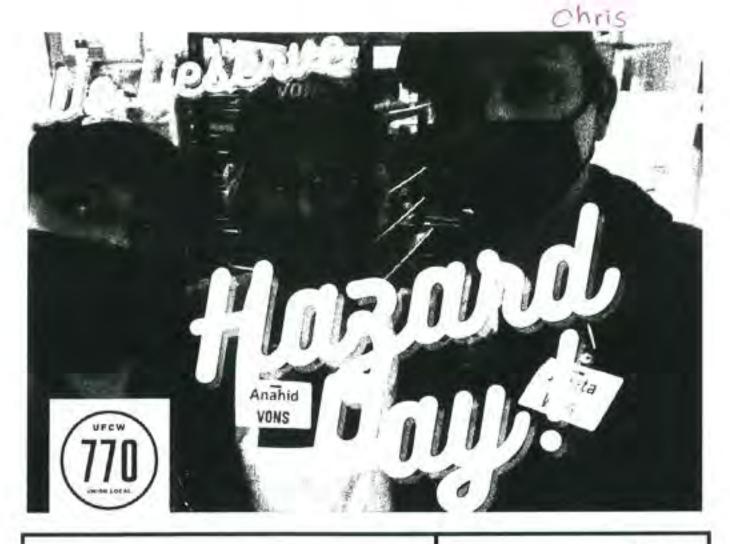
Workplace: Albertsons 1335

Years of Service: _____



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Christopher Culp

Workplace: Albertsons 1335

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Janiele Stuat

Workplace: Calebassay Albertsons

Years of Service: 33 + ears-



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: JOHNA PUZ

Workplace: ALBERTSONS

Years of Service: 27 yrs



TO:

City Council





My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Danilo P. Orlino

Workplace: Albertsons

Years of Service: 6



TO:

City Council





My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: KAUL CARDENAS

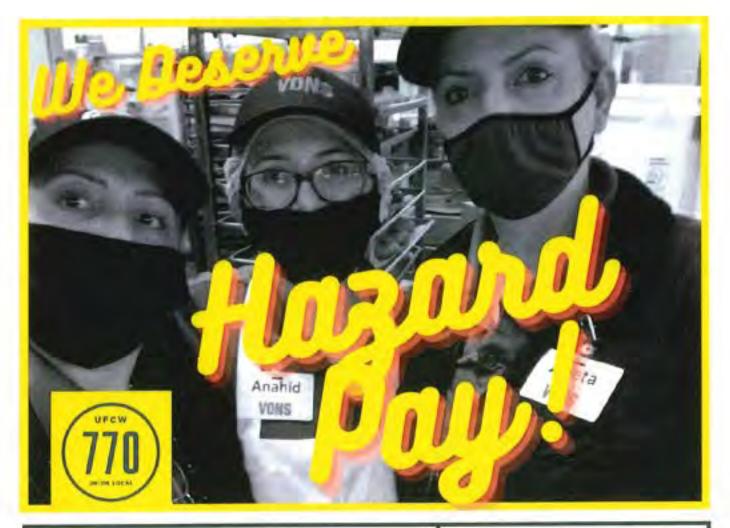
Workplace: AIBERTSONS

Years of Service: 23



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

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ЭI	110	e i	. 6	

	-	T
Name:	Om	1)11/94

Workplace: Albertsons

Years of Service: _____



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: JOHN REDMOND

Workplace: AUBERTSONS

Years of Service: 2



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

S	i	n	c	e	r	e	ly,
_	_		_	_			.,

Name: Roman Lopet

Workplace: Albertsons

Years of Service: 36



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincere	ly,
---------	-----

Name: Stoven Casas

Workplace: Albertsons

Years of Service: _______



TO:

City Council

of ____Calabasas



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Jackic martines

Workplace: Albertson's

Years of Service: 15



TO:

City Council

Calabasas



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Kobert LUNA

Workplace: ALBERTSONS

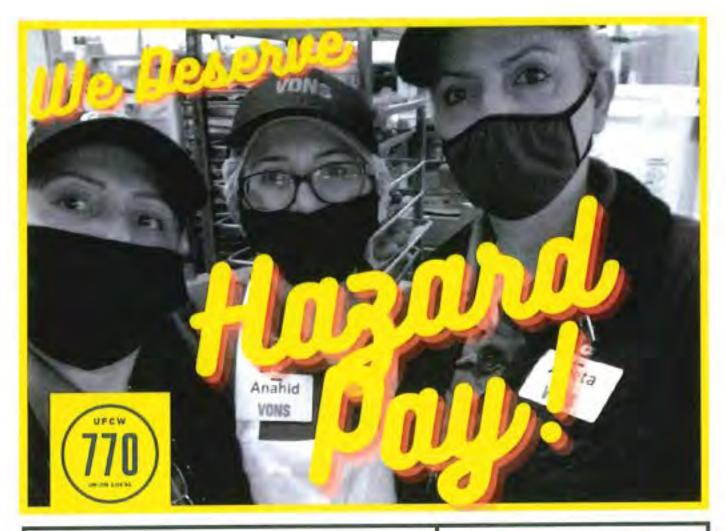
Years of Service: 36



TO:

City Council

of ___Calabasas



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Juana Agular

Workplace: Frontene (Albertons

Years of Service: 44acs



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: 401 Sumacis

Workplace: Melsons calabases

Years of Service: 25 years



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Workplace: Albertsons # 1335

Years of Service: 15 YR



TO:

City Council

Calabasas



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Workplace: Abellsons calabases

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Briting Staves
Workplace: Albertsons

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Leona Shemza
Workplace: Phurmacy

Years of Service: 11/2



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Maribe (Ramos

Workplace: albertsons/Savon

Years of Service: _/5



TO:

City Council

of ___Calabasas



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Adicana Malhinez

Workplace: Albertsone cabbisas

Years of Service: 2 years



TO:

City Council

Glocia



Dear Councilmember,

My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Joria

Workplace: DET SONS

Years of Service: \$34 VFS



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

S	i	n	c	e	r	e	h	/,
•		••	•	_	•	_	•)	,,

Name: Emily Cocean
Workplace: AlBertsons



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Alma Centa

Workplace: Albertsons

Years of Service: 24 years



TO:

City Council

Calabasas



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Lupita Kyle
Workplace: Albertsons.

Years of Service: 25 years



TO:

City Council





My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Monika Serdyukova

Workplace: Albertsons

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincere	ly, Out	W Z	ettre	iliera
Name:	DANA	Fer	HER	berg

Workplace: AIBEST 5005

Years of Service: 36



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,
Name: Aidole 00
Workplace: A Charbon's
Years of Service: 3/ 4ears



TO:

City Council



Years of Service: ___

My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincere	ely, //
Name:	Catherine Hannegar
Workp	lace: Albertsons
	22



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerel	ly,	11.11	
Name:	Jennifex	Hotten	
Workpl	ace: Alber	tsons	

Years of Service: 22



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Kevin M. deBroux

Workplace: Abertsons

Years of Service: 18 4800



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,	
Name: YAN	
Workplace:	BERTSONS
Years of Service: _	33 years



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Bobby Hitt

Workplace: Albertsons

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Grame Little

Workplace: A Bertsons

Years of Service: \ \ \ \fear



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: <u>Sessica sones</u>

Workplace: Albertson

Years of Service: one year



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Soun Worman

Workplace: Abertsons

Years of Service: 41/2



TO:

City Council

Calabasas



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Area achotson

Workplace: Albartsons 1335

Years of Service: 1400



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

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Name: Josefina Flores

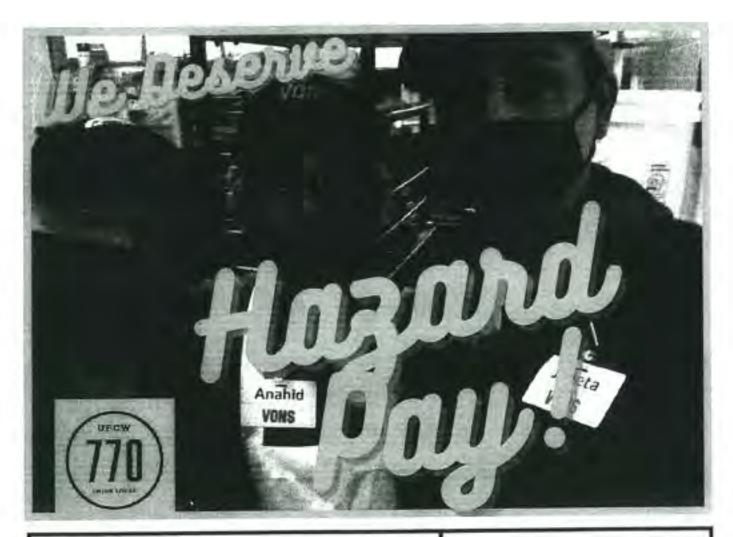
Workplace: Albertsins 1335

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Si	n	C	e	r	e	IV	
~ -		_	_	•	_		,

Name: Mia Gonzalez

Workplace: Albertsons

Years of Service:



TO:

City Council

chase



Dear Councilmember,

My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Chase LeClaire

Workplace: Abertson #1335

Years of Service: 1 year



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely	/,
-----------	----

Name: Dures Caldivar

Workplace: Hoursons

Years of Service:



TO:

City Council

Ashlen



Dear Councilmember,

My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Ashley Roldoins

Workplace: Albertson 5 1335

Years of Service: 4 months



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Gise Cominguez

Workplace: # Dertsons 1335



TO:

City Council



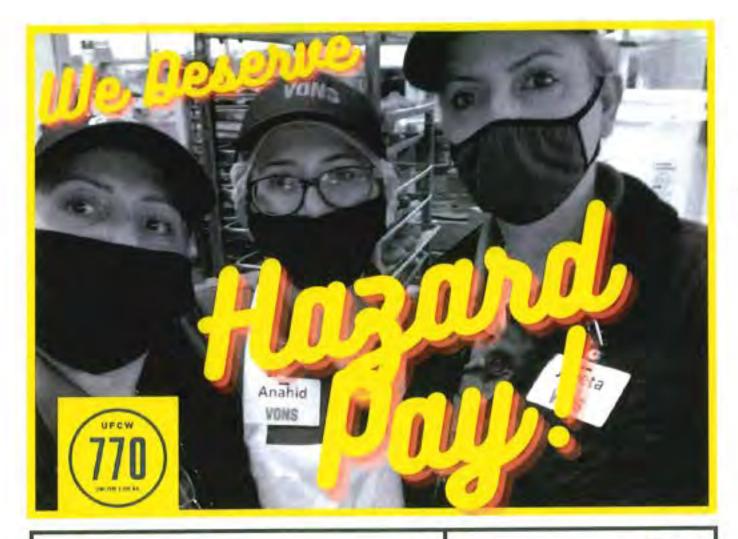
My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,	0	
Name: 6/WA	RICH	gros
Workplace: ALBE	RISON	1335
Years of Service:	321	1R9



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Maria A. Corrales

Workplace: Bakery

Years of Service: |9



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Leticia Rodinghez

Workplace: Albeltsons (alebeses

Years of Service: 14 geas



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,	Si	n	ce	r	el	y,
------------	----	---	----	---	----	----

Name: Telesa Luna

Workplace: Albertsons talabases

Years of Service: ________



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Vanessa Kedrigue

Workplace: A Der Suns

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: MYSSA RODINGUEZ

Workplace: Allertsons

Years of Service: Syears



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Kosalba Marquez

Workplace: Albertsons

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Sonny Saldana

Workplace: Albertson's

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

C	i	n	•	0	0	ŀ	y.	
3			c	e	e	ı	у.	þ

Name: Oce In ladula

Workplace: A bey Suns

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: ROCIO OSOVIO

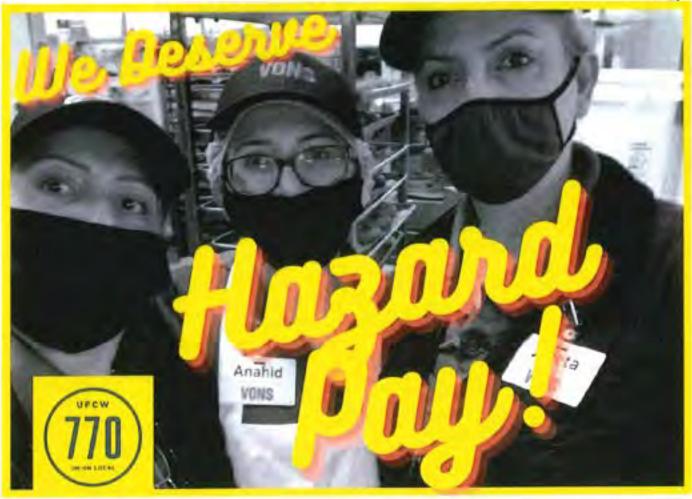
Workplace: Albertsus

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Vita/ Me/chor

Workplace: Alberson

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: VIVIANA BARRANTES DE WALSH

Workplace: ALBERTSONS

Years of Service: 15 YEARS



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Workplace: Albertson's

Years of Service: 37



TO:

City Council

Calabasas



Years of Service:

My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,	. 71-
	rialo. Herreva
Workplace:	Albertons-1337



TO:

City Council





My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Si	mi			1	
31	п	æ	г	21	у,

Name: Dinty Malkov

Workplace: Allers - 1

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,	
Name: Can	ila hecio
Workplace:	Albertsmy
Years of Service:	



TO:

City Council

of ___Calabasas



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Si	n	c	e	r	e	h	v.
-		-	_	•	_	- 1	,,

Name: Suzanne Schutz

Workplace: Albertson

Years of Service:



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sine	cere	ly,
------	------	-----

Name: Tonie Viteur

Workplace: Albertson 1335

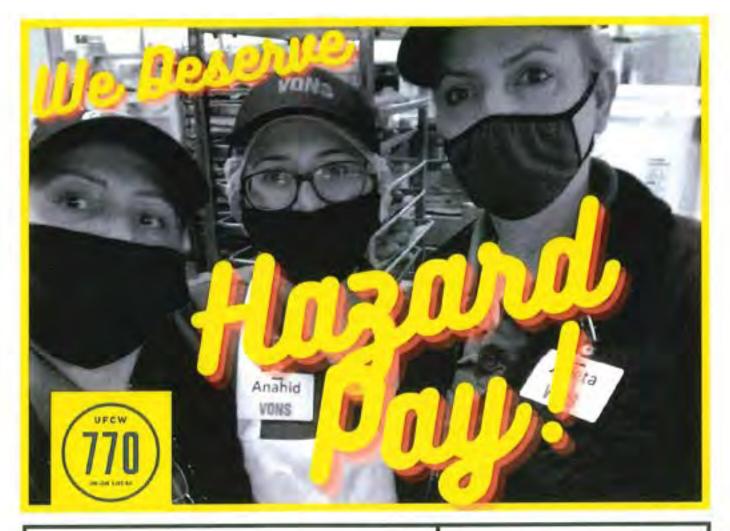
Years of Service: 29



TO:

City Council

Calabasas



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

Sincerely,

Name: Lose Valeranc

Workplace: 41/bertSon 1335

Years of Service: 22



TO:

City Council



My workplace is a hazard. Every day I risk my life to feed and support my community. Please stand with me and my coworkers to make sure we get the hazard pay we deserve.

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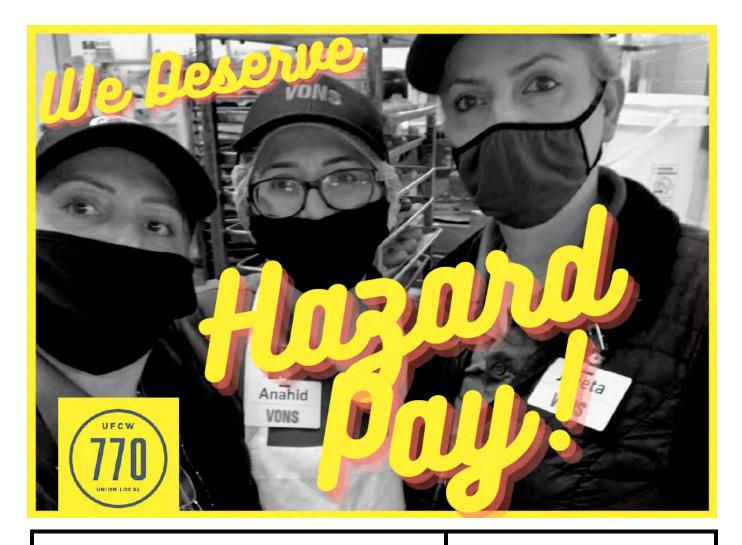
Name: WMA BARNHONA Workplace: Albertsons

Years of Service: 16 years



TO:

City Council





Sincerely,

Name: Aaron Silva

Workplace: Alberstons 1335

Years of Service: 8



TO:

City Council





Sincerely,

Name: Adreana Martínez

Workplace: Alberstons 1335

Years of Service: 3



TO:

City Council





Sincerely,

Name: Ali Honarmand

Workplace: Alberstons 1335

Years of Service: 9 years



TO:

City Council





Sincerely,

Name: Alma Cerda

Workplace: Alberstons 1335

Years of Service: 25



TO:

City Council





Sincerely,

Name: April Summers

Workplace: Alberstons 1335

Years of Service: 25



TO:

City Council





Sincerely,

Name: Ashley Robbins

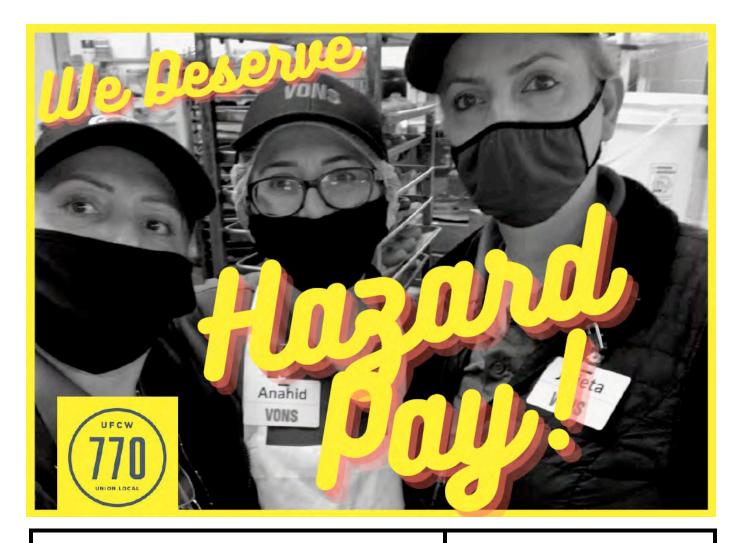
Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Austin Rawnsley

Workplace: Alberstons 1335

Years of Service: 8



TO:

City Council





Sincerely,

Name: Benjamin Montiel

Workplace: Alberstons 1335

Years of Service: 14



TO:

City Council





Sincerely,

Name: Benjamin Sessing

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Blaze Hunter Fairrington

Workplace: Alberstons 1335

Years of Service: 3 months



TO:

City Council





Sincerely,

Name: Brittney Staves

Workplace: Alberstons 1335

Years of Service: 2



TO:

City Council





Sincerely,

Name: Camila Recio

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Carí Jones

Workplace: Alberstons 1335

Years of Service: 34



TO:

City Council





Sincerely,

Name: Carol Gillis

Workplace: Alberstons 1335

Years of Service: 29



TO:

City Council





Sincerely,

Name: Carrie Jones

Workplace: Alberstons 1335

Years of Service: 34



TO:

City Council





Sincerely,

Name: Catherine Hannegan

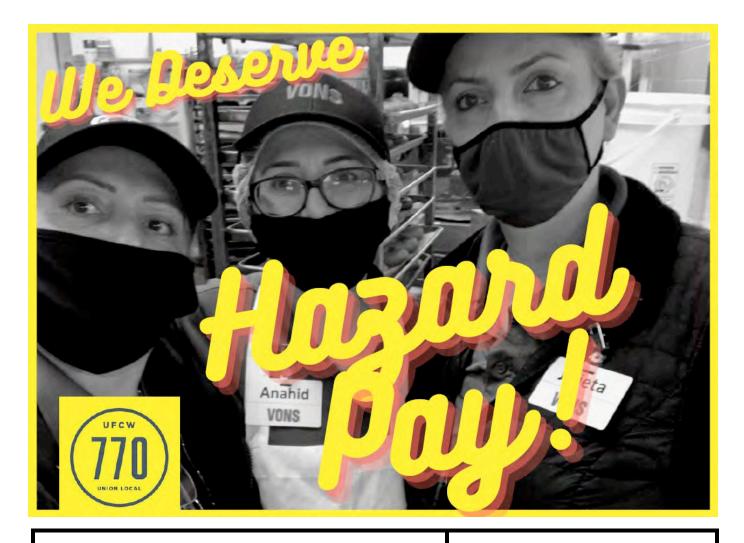
Workplace: Alberstons 1335

Years of Service: 34



TO:

City Council





Sincerely,

Name: Chase Leclaire

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Chris Culp

Workplace: Alberstons 1335

Years of Service: 22



TO:

City Council





Sincerely,

Name: Christopher Clarke

Workplace: Ralphs 205

Years of Service: Less than I year



TO:

City Council





Sincerely,

Name: Courtney Pettibone

Workplace: Gelsons II

Years of Service: 7



TO:

City Council





Sincerely,

Name: Dana Zetterberg

Workplace: Alberstons 1335

Years of Service: 36



TO:

City Council





Sincerely,

Name: Danilo Orlino

Workplace: Alberstons 1335

Years of Service: 6



TO:

City Council





Sincerely,

Name: Delores Zaldívar

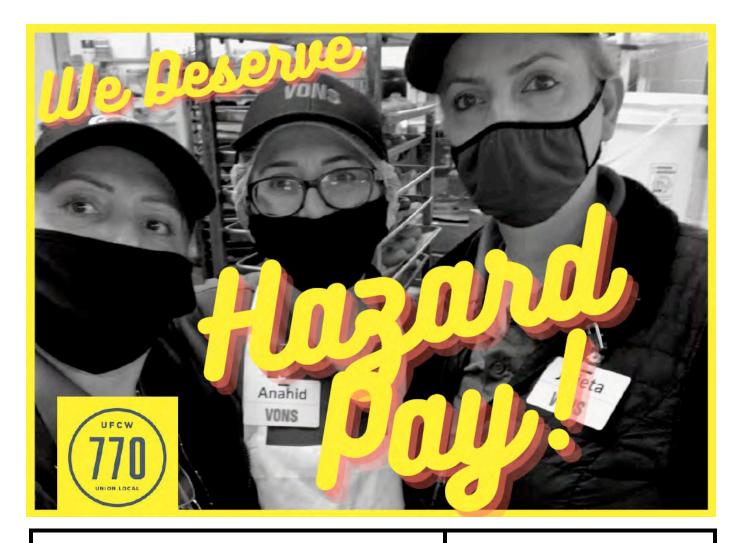
Workplace: Alberstons 1335

Years of Service: 32



TO:

City Council





Sincerely,

Name: Dina Adame

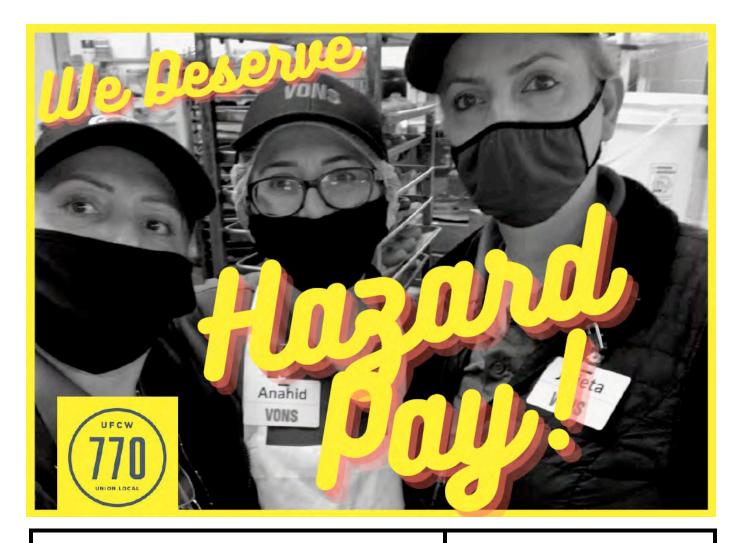
Workplace: Gelsons II

Years of Service: 25



TO:

City Council





Sincerely,

Name: Dina Adame

Workplace: Gelsons II

Years of Service: 25



TO:

City Council





Sincerely,

Name: Dmitry Malkov

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Donna Hernandez

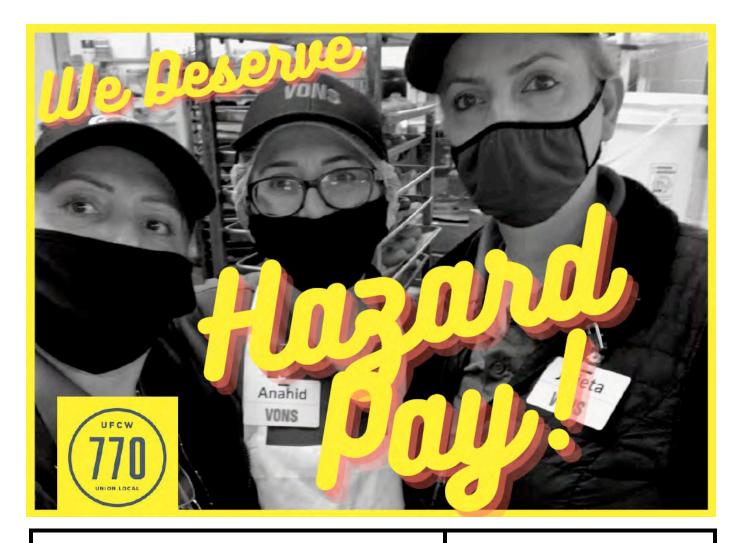
Workplace: Alberstons 1335

Years of Service: 31



TO:

City Council





Sincerely,

Name: Dorion Wilson

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Eleazar Ríos

Workplace: Gelsons II

Years of Service: 19



TO:

City Council





Sincerely,

Name: Elizabeth Lopez

Workplace: Alberstons 1335

Years of Service: 3 months



TO:

City Council





Sincerely,

Name: Emily Cocea

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Gina Richarda

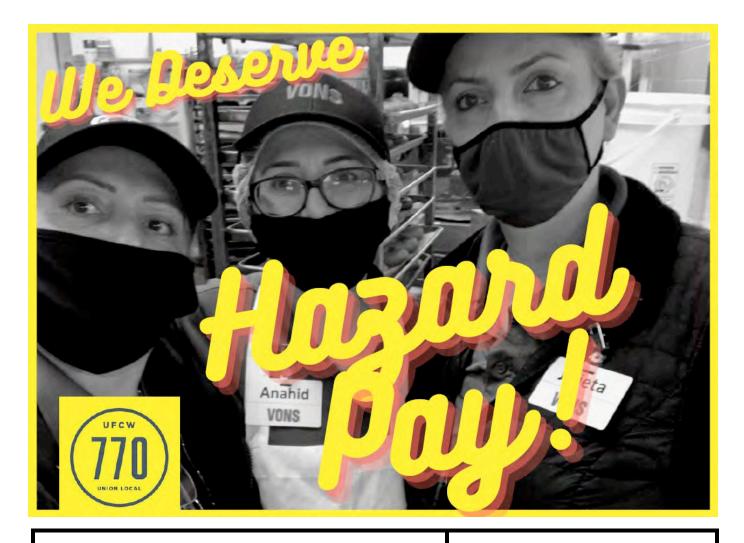
Workplace: Alberstons 1335

Years of Service: 32



TO:

City Council





Sincerely,

Name: Gisel Dominguez

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Gloría Lopez García

Workplace: Alberstons 1335

Years of Service: 34



TO:

City Council





Sincerely,

Name: Graeme Little

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Jacquelyn Martines

Workplace: Alberstons 1335

Years of Service: 6 years



TO:

City Council





Sincerely,

Name: Janielle Stewart

Workplace: Alberstons 1335

Years of Service: 32



TO:

City Council





Sincerely,

Name: Jennifer Hoffer

Workplace: Alberstons 1335

Years of Service: 21



TO:

City Council





Sincerely,

Name: Jess Jones

Workplace: Alberstons 1335

Years of Service: Year



TO:

City Council





Sincerely,

Name: Jesus A Arriaga

Workplace: Alberstons 1335

Years of Service: 32



TO:

City Council





Sincerely,

Name: Jesus Lerma

Workplace: Gelsons II

Years of Service: 22



TO:

City Council





Sincerely,

Name: Jesus Poor

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Joanna Ruíz

Workplace: Alberstons 1335

Years of Service: 27



TO:

City Council





Sincerely,

Name: Jocelyn Dadula

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: John Brennan

Workplace: Gelsons II

Years of Service: I



TO:

City Council





Sincerely,

Name: John Redmond

Workplace: Alberstons 1335

Years of Service: 22



TO:

City Council





Sincerely,

Name: Jolene Mcqueen

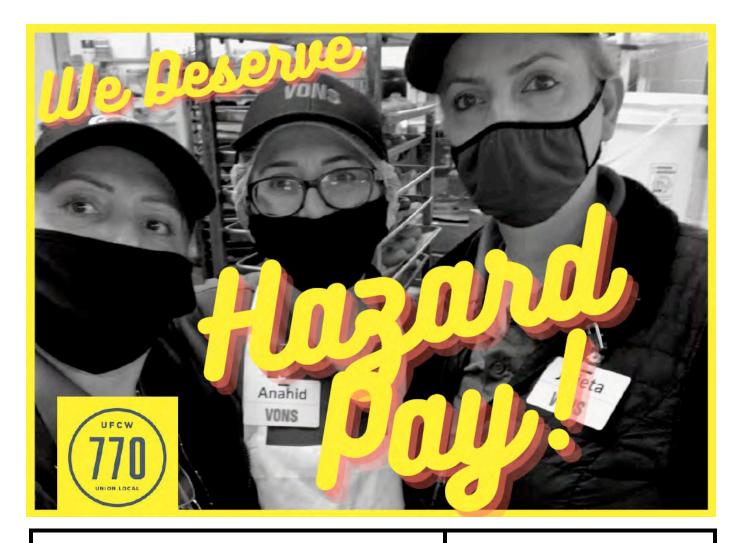
Workplace: Alberstons 1335

Years of Service: 13



TO:

City Council





Sincerely,

Name: Jose A. Valeríano

Workplace: Alberstons 1335

Years of Service: 25



TO:

City Council





Sincerely,

Name: Jose Corral

Workplace: Alberstons 1335

Years of Service: 32



TO:

City Council





Sincerely,

Name: Josefina Flores

Workplace: Alberstons 1335

Years of Service: 28



TO:

City Council





Sincerely,

Name: Juana Aguilar

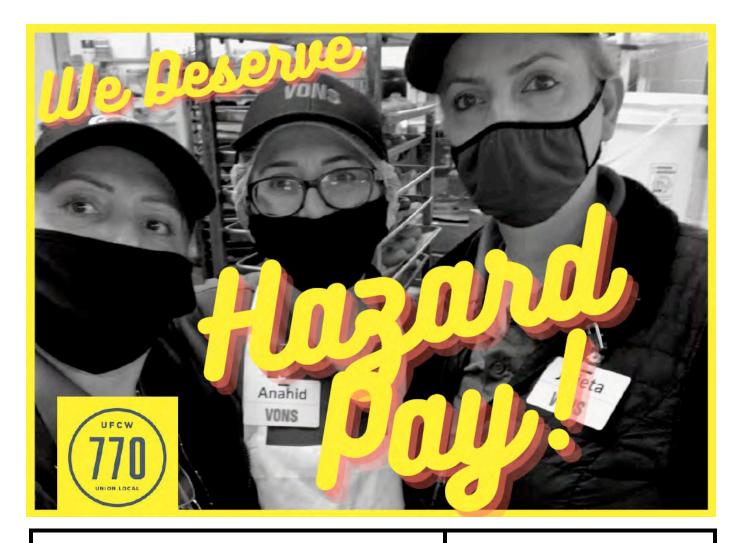
Workplace: Alberstons 1355

Years of Service: 7 years



TO:

City Council





Sincerely,

Name: Julieta Villacana

Workplace: Alberstons 1335

Years of Service: 26



TO:

City Council





Sincerely,

Name: Kevin Debroux

Workplace: Alberstons 1335

Years of Service: 14



TO:

City Council





Sincerely,

Name: Leona Shemza

Workplace: Alberstons 1335

Years of Service: 2



TO:

City Council





Sincerely,

Name: Leonardo Perez

Workplace: Gelsons I I

Years of Service: 24



TO:

City Council





Sincerely,

Name: Leticia Rodriguez

Workplace: Alberstons 1335

Years of Service: 13



TO:

City Council





Sincerely,

Name: Lupita Kyle

Workplace: Alberstons 1335

Years of Service: 25 years



TO:

City Council





Sincerely,

Name: María A Corrales

Workplace: Alberstons 1335

Years of Service: 19



TO:

City Council





Sincerely,

Name: María Vazquez

Workplace: Gelsons II

Years of Service: 15



TO:

City Council





Sincerely,

Name: Maribel Ramos

Workplace: Alberstons 1335

Years of Service: 15



TO:

City Council





Sincerely,

Name: Maritza Mendibles

Workplace: Gelsons II

Years of Service: 3



TO:

City Council





Sincerely,

Name: Mía Gonzalez

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Mía K. Trevino

Workplace: Ralphs 205

Years of Service: < I month



TO:

City Council





Sincerely,

Name: Michal Andersen

Workplace: Gelsons II

Years of Service: One and a half



TO:

City Council





Sincerely,

Name: Michele Burlew

Workplace: Alberstons 1335

Years of Service: 35



TO:

City Council





Sincerely,

Name: Monika Serdyukova

Workplace: Alberstons 1335

Years of Service: 2 months



TO:

City Council





Sincerely,

Name: Nídole So

Workplace: Alberstons 1335

Years of Service: 31



TO:

City Council





Sincerely,

Name: Paul Knapp

Workplace: Gelsons II

Years of Service: 30



TO:

City Council





Sincerely,

Name: Quinn Wilkins

Workplace: Gelsons II

Years of Service: 17



TO:

City Council





Sincerely,

Name: Raul Cardenas

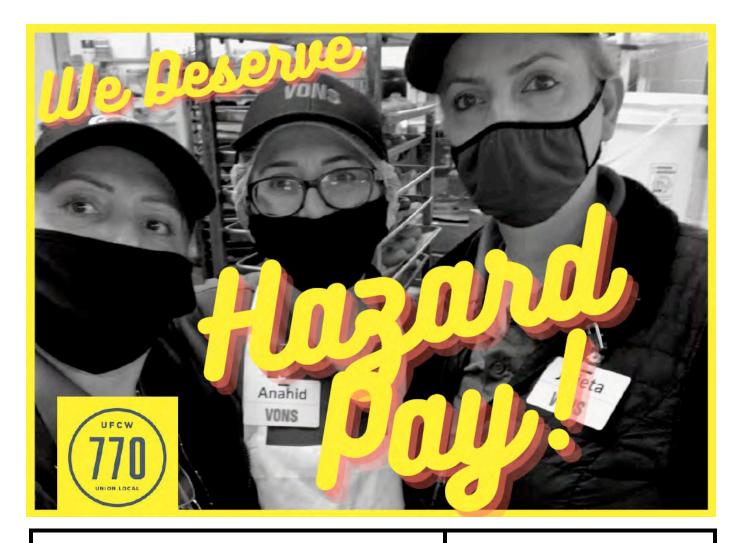
Workplace: Alberstons 1335

Years of Service: 23



TO:

City Council





Sincerely,

Name: Robert Hitt

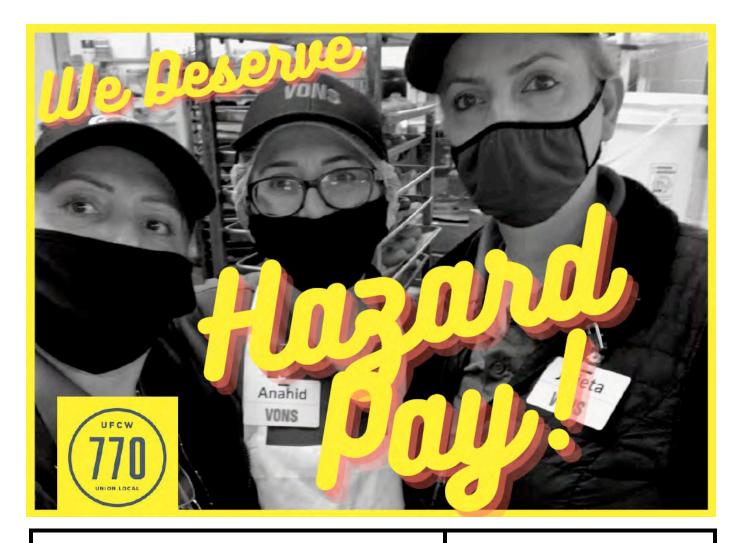
Workplace: Alberstons 1335

Years of Service: 6 months



TO:

City Council





Sincerely,

Name: Robert Luna

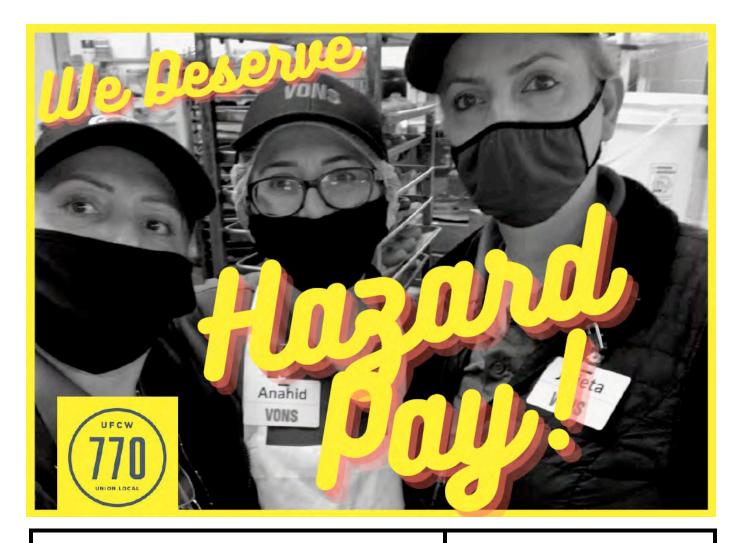
Workplace: Alberstons 1335

Years of Service: 37



TO:

City Council





Sincerely,

Name: Roberto Hernandez

Workplace: Alberstons 1335

Years of Service: 15



TO:

City Council





Sincerely,

Name: Rocio Osorio

Workplace: Alberstons 1335

Years of Service: 2



TO:

City Council





Sincerely,

Name: Roman Lopez

Workplace: Alberstons 1335

Years of Service: 36



TO:

City Council





Sincerely,

Name: Rosalba Marquez

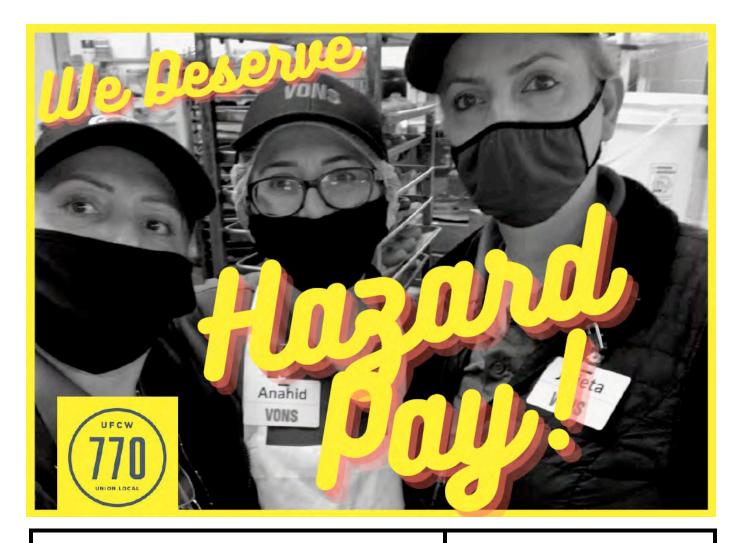
Workplace: Alberstons 1335

Years of Service: 23



TO:

City Council





Sincerely,

Name: Rosalie Herrera

Workplace: Alberstons 1335

Years of Service: 14Ca



TO:

City Council





Sincerely,

Name: Rosario Apaez

Workplace: Gelsons II

Years of Service: I



TO:

City Council





Sincerely,

Name: Ruben Iñiguez

Workplace: Gelsons II

Years of Service: 20



TO:

City Council





Sincerely,

Name: Ryan White

Workplace: Alberstons 1335

Years of Service: 33



TO:

City Council





Sincerely,

Name: Sean Patrick Worman

Workplace: Alberstons 1335

Years of Service: 4



TO:

City Council





Sincerely,

Name: Shelley Baker

Workplace: Alberstons 1335

Years of Service: 30



TO:

City Council





Sincerely,

Name: Sonny Lorenzo Saldana

Workplace: Alberstons 1335

Years of Service: I year



TO:

City Council





Sincerely,

Name: Steven Casas

Workplace: Alberstons 1335

Years of Service: 21



TO:

City Council





Sincerely,

Name: Suzanne Schultz

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Sylvia Griego

Workplace: Alberstons 1335

Years of Service: I year



TO:

City Council





Sincerely,

Name: Tamara Bluiett

Workplace: Alberstons 1335

Years of Service: 3



TO:

City Council





Sincerely,

Name: Teresa Luna

Workplace: Alberstons 1335

Years of Service: 6 months



TO:

City Council





Sincerely,

Name: Tom Duran

Workplace: Alberstons 1335

Years of Service: 3



TO:

City Council





Sincerely,

Name: Tonía Vítanza

Workplace: Alberstons 1335

Years of Service: 29



TO:

City Council





Sincerely,

Name: Vanessa Jackson

Workplace: Alberstons 1335

Years of Service: I



TO:

City Council





Sincerely,

Name: Vanessa Rodríguez

Workplace: Alberstons 1335

Years of Service: 14



TO:

City Council





Sincerely,

Name: Víckí Terranova

Workplace: Alberstons 1335

Years of Service: 38



TO:

City Council





Sincerely,

Name: Vidal Melchor

Workplace: Alberstons 1335

Years of Service: 6



TO:

City Council





Sincerely,

Name: Vilma Barahona

Workplace: Alberstons 1335

Years of Service: 16



TO:

City Council





Sincerely,

Name: Viviana Barrantes De Walsh

Workplace: Alberstons 1335

Years of Service: 15



TO:

City Council

Consumer and Community Impacts of Hazard Pay Mandates

January 2021

Prepared for:

California Grocers Association

Prepared by:

Brad Williams, Chief Economist Michael C. Genest, Founder and Chairman Capitol Matrix Consulting

About the Authors

The authors are partners with Capitol Matrix Consulting (CMC), a firm that provides consulting services on a wide range of economic, taxation, and state-and-local government budget issues. Together, they have over 80 years of combined experience in economic and public policy analysis.

Mike Genest founded Capitol Matrix Consulting (originally Genest Consulting) in 2010 after concluding a 32-year career in state government, which culminated as Director of the California Department of Finance (DOF) under Governor Arnold Schwarzenegger. Prior to his four-year stint as the Governor's chief fiscal policy advisor, Mr. Genest held top analytical and leadership positions in both the executive and legislative branches of government. These included Undersecretary of the Health and Human Services Agency, Staff Director of the Senate Republican Fiscal Office, Chief of Administration of the California Department of Corrections and Rehabilitation, and Director of the Social Services section of California's Legislative Analyst's Office.

Brad Williams joined Capitol Matrix Consulting in 2011, after having served in various positions in state government for 33 years. Mr. Williams served for over a decade as the chief economist for the Legislative Analyst's Office, where he was considered one of the state's top experts on the tax system, the California economy, and government revenues. He was recognized by the Wall Street Journal as the most accurate forecaster of the California economy in the 1990s, and has authored numerous studies related to taxation and the economic impacts of policy proposals. Immediately prior to joining CMC, Mr. Williams served as a consultant to the Assembly Appropriations Committee, where he advised leadership of the majority party on proposed legislation relating to taxation, local government, labor, and banking.

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Executive Summary

Hazard-pay mandates passed in the City of Long Beach and under consideration in the City of Los Angeles and in other local jurisdictions would raise pay for grocery workers by as much as \$5.00 per hour. Since the average pay for grocery workers in California is currently about \$18.00 per hour, a \$5.00 increase would raise store labor costs by 28 percent, and have major negative impacts on grocery stores, their employees and their customers. Specifically:

- Average profit margins in the grocery industry were 1.4% in 2019, with a significant number
 of stores operating with net losses. While profits increased temporarily to 2.2% during early
 to mid 2020, quarterly data indicates that profit margins were subsiding to historical levels as
 2020 drew to a close.
- Wage-related labor expenses account for about 16 percent of total sales in the grocery industry. As a result, a 28 percent increase in wages would boost overall costs 4.5 percent under the City of Los Angeles proposal of \$5.00 per hour. This increase would be twice the size of the 2020 industry profit margin and three times historical grocery profit margins.
- In order to survive such an increase, grocers would need to raise prices to consumers and/or
 find substantial offsetting cuts to their controllable operating expenses, which would mean
 workforce reductions. As an illustration of the potential magnitude of each of these impacts,
 we considered two extremes:
 - 1) All of the higher wage costs (assuming the \$5.00/hour proposal) are passed through to consumers in the form of higher retail prices:
 - This would result in a \$400 per year increase in grocery costs for a typical family of four, an increase of 4.5 percent.
 - If implemented in the City of Los Angeles, its residents would pay \$450 million more for groceries over a year.
 - The increase would hit low- and moderate-income families hard, particularly those struggling with job losses and income reductions due to COVID-19.
 - If implemented statewide, additional grocery costs would be \$4.5 billion per year in California.
 - 2) Retail prices to consumers are not raised and all the additional costs are offset through a reduction in store expenses:
 - Given that labor costs are by far the largest controllable expense for stores, it is highly likely that the wage mandates will translate into fewer store hours, fewer employee hours, and fewer jobs.
 - For a store with 50 full-time equivalent employees, it would take a reduction of 11 employees to offset the increased wage costs, or a 22% decrease in staff.
 - ➤ If the mandate were imposed statewide at \$5.00 per hour, the job loss would be 66,000 workers.

Consumer and Community Impacts of Hazard Pay Mandates

- ➤ If imposed in the City of Los Angeles, the job loss would be 7,000 workers.
- ➤ And in the City of Long Beach, the job impact of its \$4.00 per hour mandate would be 775 jobs.
- > Stores could alternatively avoid job reductions by cutting hours worked by 22 percent.
- For the significant share of stores already operating with net losses, a massive government-mandated wage increase would likely result in store closures, thereby expanding the number of "food deserts" (i.e. communities with no fresh-food options).

Introduction

The Long Beach City Council has passed an ordinance that mandates grocers to provide a \$4.00 per hour pay increase – "hazard pay" – to grocery workers. The mandate expires in 120 days. Two members of the Los Angeles City have introduced a similar measure for a \$5.00 per hour increase for companies that employ more than 300 workers nationwide. Grocery workers in California currently earn about \$18.00 per hour.¹ Therefore, the Los Angeles proposal would increase average hourly pay to \$23.00 per hour, an increase of 28 percent. Several other cities in California have discussed \$5.00/hour proposals similar to Los Angeles.

This report focuses on the impact of hazard pay mandates on grocery store profitability and on the sustainability of an industry with traditionally low profit margins. It also assesses the potential impact of the proposed wage increases on consumers, especially lower-income consumers (a cohort already hit hard by the COVID lockdowns and business closures).

Background — Grocery is a Low-Margin, High-Labor Cost Business

The grocery business is a high-volume, low-margin industry. According to an annual database of public companies maintained by Professor Damodaran of New York University (NYU),² net profit margins as a percent of sales in the grocery industry are among the lowest of any major sector of the economy. Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) averaged 4.6 percent of sales in 2019, and the net profit margin (which accounts for other unavoidable expenses such as rent and depreciation) was just 1.4 percent during the year. This compares to the non-financial, economy-wide average of 16.6 percent for EBITDA and 6.4 percent for the net profit margin. The NYU estimate for public companies in the grocery industry is similar to the 1.1 percent margin reported by the Independent Grocers Association for the same year.³

COVID-19 temporarily boosted profits

In the beginning of the COVID-19 pandemic, sales and profit margins spiked as people stocked up on household items and shifted spending from eating establishments to food at home. According to data compiled by NYU, net profit margins in the grocery industry increased to 2.2 percent in early to mid 2020.⁴ Although representing a substantial year-to-year increase in profits, the 2.2 percent margin remains quite small relative to most other industries. This implies that even with the historically high rates of profits in 2020, there is little financial room to absorb a major wage increase.

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¹ \$18.00 per hour is consistent with the responses we received to our informal survey. It is also consistent with published contract agreements we reviewed. See, for example, the "Retail Food, Meat, Bakery, Candy and General Merchandise Agreement, March 4, 2019 - March 6, 2022 between UFCW Union Locals 135, 324, 770,1167,1428,1442 & 8 - GS and Ralphs Grocery Company." In this contract, hourly pay rates starting March 2, 2021 for food clerks range from \$14.40 per hour (for first 1,000 hours) up to \$22.00 per hour (for workers with more than 9,800 hours), The department head is paid \$23.00 per hour. Meat cutter pay rates range from \$14.20 (for the first six months) to \$23.28 per hour (for those with more than 2 years on the job). The department manager is paid \$24.78 per hour. https://ufcw770.org/wp-content/uploads/2020/08/Ralphs-Contract-2020.pdf

² Source: Professor Aswath Damodaran, Stern School of Business, New York University. http://pages.stern.nyu.edu/~adamodar/

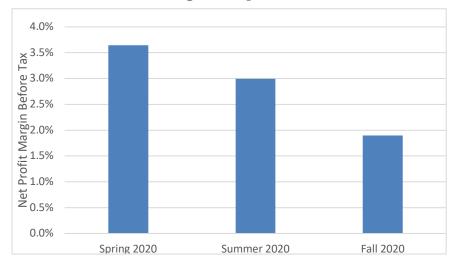
³ Source: "2020 Independent Grocer Financial Survey." Sponsored by the National Grocer's Association and FMS Solutions Holding, LLC

⁴ Supra 2.

But the increases are subsiding

Moreover, quarterly data indicates that the sales and profit increases experienced in early 2020 were transitory and were settling back toward pre-COVID trends as 2020 drew to a close. This quarterly trend is evident in quarterly financial reports filed by California's two largest publicly traded companies in the grocery business: The Kroger Company (which includes Ralphs, Food for Less, and Fred Meyers, among others) and Albertsons (which includes Safeway, Albertsons, and Vons, among others). Figure 1 shows that the average profit margin for these two companies was 3.6 percent of sales in the Spring of 2020, declining to 1.9 percent by the fourth quarter of the year. Monthly sales data contained in the 2020 Independent Grocer's Financial Survey showed a similar pattern, with year-over-year sales peaking at 68 percent in mid-March 2020, but then subsiding to 12 percent as of the first three weeks of June (the latest period covered by the survey).

Figure 1 Combined Net Profit Margins During 2020 Albertsons and The Kroger Companies



While grocers continued to benefit from higher food and related sales during the second half of 2020, they also faced higher wholesale costs for food and housing supplies, as well as considerable new COVID-19 related expenses. These include expenses for paid leave and overtime needed to cover shifts of workers affected by COVID-19, both those that contracted the virus and (primarily) those that were exposed and needed to quarantine. Other COVID-19 costs include those for intense in-store cleaning, masks for employees, new plastic barriers at check-outs and service counters, and additional staffing and capital costs for scaling up of e-commerce, curbside and home delivery.

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⁵ In their SEC 10-Q quarterly report for the four-month period ending in June 2020, Albertsons reported that consolidated sales were up 21.4 percent from the same period of 2019 and before-tax profits were 3.5 percent of total sales. In the three-month period ending in mid-September, the company reported year-over-year sales growth of 11.2 percent and before-tax profits equal to 2.5 percent of sales. In their 10-Q report filed for the three-month period ending in early December, Albertsons showed year-over-year sales growth of 9.3 percent, and profits as a percent of sales of just 1.0 percent. Data for the Kroger Company indicates that year-over-year sales growth subsided from 11.5 percent for the three-month period ending in May 2020 to 8.2 percent for the three-month period ending in August, and further to 6.3 percent for the three-month period ending in November. Profits as a percent of sales fell from 3.8 percent to 3.5 percent, and further to 2.8 percent during the same three quarterly periods. (Source: EDGAR Company Filings, U.S. Securities and Exchange Commission. https://www.sec.gov/edgar/searchedgar/companysearch.html.

⁶ Supra 3

Many stores incur losses in normal years

The 1- to 2-percent net profit levels cited above reflect industry averages. There is considerable variation around these averages among individual stores, with some doing better and some doing worse. As one indication of this variation, the 2020 Independent Grocer Financial Survey found that, while the nationwide average profit before tax for all stores was 1.1 percent of sales in 2019, about 35 percent of the respondents reported negative net profits during the year.⁷ This national result is consistent with feedback we received from California grocers, which reported that even in profitable years, anywhere from one-sixth to one-third of their stores show negative earnings. While chain operations can subsidize some store losses with earnings from other stores, a major mandated wage increase would eliminate earnings for even the most profitable stores, making cross-subsidies within supermarket chains much less feasible. As discussed below, the consequence would likely be a closure of some unprofitable stores.

Mandated wage increases would push most stores into deficits

The grocery business is very labor intensive. Labor is the industry's second largest cost, trailing only the wholesale cost of the food and other items they sell. According to a benchmark study by Baker-Tilly, labor expenses account for 13.2 percent of gross sales of grocers nationally.8 The Independent Grocer Survey, cited above, found that labor costs account for 15 percent of sales nationally and 18.4 percent for independent grocers in the Western region of the U.S.9

Respondents to our survey of California grocers reported that labor costs equate to 14 percent to 18 percent of sales revenues. For purposes of this analysis, we are assuming that the wage base potentially affected by the mandated hourly pay increase is about 16 percent of annual sales.¹⁰

A mandatory \$4-\$5 per hour increase, applied to an average \$18.00 per hour wage base, would increase labor costs by between 22 percent and 28 percent. This would, in turn, raise the share of sales devoted to labor costs from the current average of 16 percent up to between 19 percent and 20.5 percent of annual sales. The up-to-4.5 percent increase would be double the 2020 profit margin reported by the industry, and three times the historical margins in the grocery industry.

Potential Impacts on Consumers, Workers and Communities

In order to survive such an increase, grocers would need to raise prices to consumers and/or find substantial offsetting cuts to their operating expenses. As an illustration of the potential magnitude of each of these impacts, we considered two extremes: (1) all of the higher wage costs are passed through to consumers in the form of higher retail prices; and (2) prices are not passed forward and all the additional costs are offset through a reduction of jobs or hours worked.

⁷ Supra 3

⁸ White Paper, "Grocery Benchmarks Report", November 5, 2019, Baker Tilly Virchow Krause LLP.

⁹ Supra 3

¹⁰ This recognizes that not all labor costs would be affected by the hazard pay proposal. Grocers report that both in-store and warehouse staff would receive the increase, as would supervisors and managers, although some executive and administrative staff may not. In addition, costs for health coverage would probably not be affected, at least not immediately, but payroll taxes and some other benefit costs would be.

Higher costs passed along to consumers

Aggregate impacts. If a \$5.00 per hour wage increase were imposed statewide and all of the increase were passed along to customers in the form of higher product prices, Californians would face a rise in food costs of \$4.5 billion annually. If imposed locally, the City of Los Angeles's \$5 per hour proposal would raise costs to its residents by \$450 million annually, and the \$4.00 per hour increase in Long Beach would raise grocery costs to its residents by about \$40 million annually.

Impact on household budgets. The wage increase would add about \$400 to the annual cost of food and housing supplies for the typical family of four in California. While such an increase may be absorbable in higher income households, it would hit low- and moderate-income households especially hard. The impact would be particularly harsh for those who have experienced losses of income and jobs due to the pandemic, or for those living on a fixed retirement income including many seniors. For these households, the additional grocery-related expenses will make it much more difficult to cover costs for other necessities such as rent, transportation, utilities, and healthcare.

According to the BLS Consumer Expenditure Survey, California households with annual incomes of up to \$45,000 already spend virtually all of their income on necessities, such as food, housing, healthcare, transportation and clothing.¹³ For many of these households, a \$33 per month increase in food costs would push them into a deficit.

These increases would add to the severe economic losses that many Californians have experienced as a result of government-mandated shutdowns in response to COVID-19. According to a recent survey by the Public Policy Institute of California, 44 percent of households with incomes under \$20,000 per year and 40 percent with incomes between \$20,000 and \$40,000 have reduced meals or cut back on food to save money. Clearly, imposing a \$4.5 billion increase in grocery prices would make matters worse, especially for these lower-income Californians.

Higher costs are offset by job and hours-worked reductions

If grocers were not able to pass along the higher costs resulting from the additional \$5/hour wage requirement, they would be forced to cut other costs to avoid incurring financial losses. ¹⁵ Given

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¹¹ Our estimates start with national U.S. Census Bureau estimates from the Annual Retail Trade Survey for 2018 (the most current data available), which indicates that nationwide sales by grocers (excluding convenience stores) was \$634 billion in 2018. We then apportioned this national data to California as well as the cities of Los Angeles and Long Beach based on relative populations and per-household expenditure data from the Consumer Expenditure Survey. We then updated the 2018 estimate to 2021 based on actual increases in grocery-related spending between 2018 and 2020, as reported by the U.S. Department of Commerce, and a projection of modest growth in 2021. Our estimate is consistent with the industry estimate of \$82.9 billion for 2019 that was by IBISWorld, as adjusted for industry growth in 2020 and 2021. (See IBISWORLD Industry Report, Supermarkets & Grocery Stores in California, Tanvi Kumar, February 2019.)

¹² Capitol Matrix Consulting estimate based on U.S. Bureau of Labor Statistics, Consumer Expenditure Report, 2019. https://www.bls.gov/opub/reports/consumer-expenditures/2019/home.htm

¹³ U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, State-Level Expenditure Tables by Income. https://www.bls.gov/cex/csxresearchtables.htm#stateincome.

 ^{14 &}quot;Californians and Their Well-Being", a survey by the Public Policy Institute of California. December 2020.
 https://www.ppic.org/publication/ppic-statewide-survey-californians-and-their-economic-well-being-december-2020/
 15 Circumstances where stores would not be able to pass forward high costs include communities where customers are financially squeezed by pandemic-related losses in jobs or wages, or where the increased is imposed locally and customers are able to avoid higher prices by shifting purchases to cross-border stores.

that labor costs are by far the largest controllable expense for stores, it is highly likely that the wage mandates will translate into fewer store hours, fewer employee hours, and fewer jobs. For a store with 50 full-time equivalent employees, it would take a reduction of 11 employees to offset the increased wages, which is about a 22 percent decrease in staff/hours.

Aggregate impacts. As an illustration, if the full California grocery industry were to respond to a statewide \$5.00 wage mandate by reducing its workforce, we estimate that up to 66,000 industry jobs would be eliminated. This is about 22 percent of the 306,000 workers in the grocery industry in the second quarter of 2020 (the most recent quarter for which we have detailed job totals). ¹⁶ If the mandate were imposed locally in the City of Los Angeles, the impact would be about 7,000 workers, and in the City of Long Beach (at \$4.00 per hour), the impact would be about 775 jobs. Stores could alternatively avoid job reductions by cutting hours worked by 22 percent across-the-board.

Under these circumstances, some workers receiving the wage increases would be better off, but many others would be worse off because of reduced hours or layoffs. Customers would also be worse off because of reduced store hours, and fewer food choices and services.

Without any external constraints imposed by the local ordinances, it is likely some combination of higher prices and job and hour reductions would occur. Stores within some jurisdictions imposing the mandatory wage increase might be able to raise retail prices sufficiently to cover a significant portion of the mandated wage increase, thereby shifting the burden onto customers. However, the degree to which this would occur would vary from jurisdiction to jurisdiction, depending on the price-sensitivity of their customers and (if the mandate is imposed locally) the availability of shopping alternatives in neighboring communities that have not imposed the wage mandate.

Of course, if the local ordinances contain provisions prohibiting stores from cutting hours, then stores would be forced to pass costs on to consumers in the form of higher prices, or to close stores in those jurisdictions.

Some communities would become food deserts

Many of the up-to one third of stores already incurring losses may find it impossible to raise prices or achieve savings that are sufficient to offset the higher wage costs. For these stores, the only option would be store closure. Indeed, a consistent theme of feedback we received from California grocer representatives is that it would be extremely difficult, if not impossible, to justify continued operation of a significant portion of their stores following a government-mandated 28-percent increase in wages. This would leave some communities with fewer fresh food options.

According to the Propel LA: "The United States Department of Agriculture (USDA) defines a food desert as 'a low-income census tract where either a substantial number or share of residents has low access to a supermarket or large grocery store.' There are a large number of census tracts in Los Angeles County, including Antelope Valley and San Fernando Valley, that are considered to be food deserts. The population of food deserts is predominantly Hispanic or Latino, followed by Black and White, respectively." The map also shows several food deserts in and around the City of Long Beach. The hazard pay proposal would exacerbate this problem.

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 $^{^{16}\} Employment\ Development\ Department.\ Labor\ Market\ Information\ Division.\ Quarterly\ Census\ of\ Employment\ and\ Wages.\ https://www.labormarketinfo.edd.ca.gov/qcew/cew-select.asp$

 $^{^{17}}$ "Food deserts in LA, an Interactive Map." Propel LA, https://www.propel.la/portfolio-item/food-deserts-in-los-angeles-county/

Closing even one supermarket in many neighborhoods would result in residents having to commute significantly farther to find fresh and healthy food at reasonable prices. Tulane University studied the impact of food deserts and concluded that while the majority of items at smaller stores are priced higher than at supermarkets, price is a consideration in deciding where to purchase staple foods, and transportation from a food desert to a supermarket ranges from \$5 to \$7 per trip. 18

Thus, mandating hazard pay would likely impose significant hardships on some communities, especially in lower-income areas. The loss of a grocery store means both fewer jobs for members of the community and higher costs for all residents in the community, who must pay higher local prices or incur additional time and expense to shop.

Conclusion

Hazard pay initiatives like those passed in the City of Long Beach, and proposed in the City of Los Angeles and in other local jurisdictions, would have far-reaching and negative consequences for businesses, employees and customers of grocery stores in the jurisdictions where levied. They would impose an up-to-28 percent increase in labor costs on an industry that is labor-intensive and operates on very thin profit margins. The increases would be more than double the average profit margins for the grocery industry in 2020, and triple the margins occurring in normal years, and thus would inevitably result in either retail price increases or major employment cutbacks by grocery stores, or a combination of both. If the increased costs were passed forward to consumers, a typical family of four in California would face increased food costs of \$400 per year. This would intensify financial pressures already being felt by millions of low- and moderate-income families, many of whom are already cutting back on basic necessities like food due to COVID-19-related losses in jobs and income. Establishments not able to recoup the costs by raising prices would be forced to reduce store hours and associated jobs and hours worked by employees. For a significant number of stores that are already struggling, the only option may be to shutter the store. This would be a "lose-lose" for the community. It would mean fewer jobs with benefits, less local access to reasonably-priced food, and more time and expense spent by customers that would have to travel greater distance to find grocery shopping alternatives.

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¹⁸ "Food Deserts in America (Infographic)," Tulane University, School of Social Work, May 10, 2018. https://socialwork.tulane.edu/blog/food-deserts-in-america