



**CITY of CALABASAS**

**CITY COUNCIL AGENDA REPORT**

---

**DATE: MAY 17, 2021**

**TO: HONORABLE MAYOR AND COUNCILMEMBERS**

**FROM: MICHAEL MCCONVILLE, MANAGEMENT ANALYST**

**SUBJECT: CONSIDERATION OF ESTABLISHING PROGRAM GUIDELINES AND AN APPROPRIATION AMOUNT FOR A ONE-TIME "HERO/HAZARD PAYMENT" TO FRONTLINE GROCERY WORKERS**

**MEETING DATE: MAY 26, 2021**

---

**SUMMARY RECOMMENDATION:**

City Council provide further direction on establishing program guidelines and an appropriation amount for a one-time "Hero Payment" to frontline grocery workers.

**BACKGROUND:**

Since March of 2020, the State of California and County of Los Angeles have issued several public health orders requiring the restriction or closure of all "non-essential businesses" in reaction to the COVID-19 pandemic. These orders were declared as a means of slowing the person-to-person transmission of the COVID-19 virus at times when infection, hospitalization, and death rates continued to rise. As this public health crisis continues into 2021, there has been increased consideration for "essential businesses" that did not close or reduce operations since the pandemic began, and whose frontline workers have continued to provide customer facing support.

One sector that has been uniquely impacted during the COVID-19 pandemic are retail grocery stores. To support the community's access to food, medicine, and other indispensable products, frontline workers at these businesses were required to work

on-site, frequently coming into contact with fellow workers and members of the public who may have been infected. This inability to work in a socially distanced manner, with customers not adhering to public health and safety protocols, and without full personal protective equipment, resulted in frontline grocery workers being faced with increased COVID-19 exposure risks.

Due to these conditions, and the fact that many frontline retail grocery workers are lower wage earners, several grocery employers provided additional benefits and hazard pay to their impacted employees. This additional pay, commonly known as “Hero Pay” was offered during times of high transmission rates and was typically implemented as a temporary hourly wage increase or one-time bonus.

With voluntary Hero Pay no longer being offered by grocery employers, several cities and counties have adopted urgency ordinances requiring hazard pay to continue so that frontline workers are compensated for the additional risks endured during the pandemic. On February 26, 2021, Los Angeles County adopted its Hero Pay ordinance for unincorporated LA County employees, while LA City adopted its own ordinance on March 2, 2021. Both ordinances sunset after 120 days and require retail grocery stores, and large retail stores with a grocery component, to provide employees with a \$5 per hour hazard premium to their base hourly wage.

## **DISCUSSION/ANALYSIS:**

On April 14, 2021, staff provided City Council with a brief report on the matter of Hero Pay. This summary reviewed actions other cities have taken in regards to passing emergency ordinances requiring temporary Hero Pay wage increases, as well the option for Calabasas to provide Hero Pay to frontline employees using City funds. The City Council ultimately directed staff to return at a future meeting with recommended guidelines and requirements for a one-time, American Rescue Plan Act funded, Hero Payment Program, which is described below.

### Program Eligibility & Definitions

For the purposes of the Hero Payment Program, **retail grocery store** is defined as any retail establishment located in the City of Calabasas that:

- A. Employs at least 15 employees; **and**
- B. Devotes seventy percent (70%) or more of its sales floor area to retailing a general range of food products, which may be fresh or packaged, **or**
- C. Receives seventy percent (70%) or more revenue from retailing a general range of food products; **or**

- D. Is more than 85,000 square feet and devotes 10% or more of its sales floor area to the sale of food products or merchandise that is non-taxable pursuant to Section 6359 of the Revenue and Taxation Code.

The six businesses located in the City meeting the above definition of ***retail grocery store*** include: Albertsons, Ralphs, Gelsons, Trader Joe’s, Erewhon Market, and Rite Aid.

For the purposes of the Hero Payment Program, ***frontline grocery worker*** is defined as an individual who:

- A. Is employed by a retail grocery store within the City of Calabasas at the time final Program guidelines and requirements are approved; **and**
- B. Is not classified as salaried or exempt management by the covered employer.

Program Provisions

In lieu of cash, check, or payment via paycheck, staff is proposing the purchase of redeemable gift cards (Visa, Mastercard, etc.) to provide each eligible frontline grocery worker’s Hero Payment. Staff have contacted the six eligible stores mentioned above and have been informed that there is an estimated combined total of 450 frontline grocery workers eligible to receive a Hero Payment. The primary options staff are recommending to distribute these one-time Hero Payments include:

**Option 1 – Equal Distribution**

Distribute the Program appropriation amount equally amongst all eligible frontline grocery workers. Length of employment and hours worked will not be taken into account.

**Option 2 – Length of Employment**

Distribute the Program appropriation amount based on length of employment, according to the chart below:

Length of Employment	Percent of Full Hero Payment
10-12 Months	100%
7-9 Months	75%
4-6 Months	50%
0-3 Months	25%

**Option 3 – Hours Worked**

Distribute the Program appropriation amount based on average weekly hours worked, according to the chart below:

Average Weekly Hours Worked	Percent of Full Hero Payment
31-40	100%
21-30	75%
11-20	50%
0-10	25%

**Option 4 - Reimbursement**

Distribute the Program appropriation amount according to either Options 1, 2 or 3, but provide the Hero Payment as a reimbursable benefit. Specifically, eligible frontline grocery workers would be reimbursed for purchases made in stores located in the City by submitting documentation such as receipts or statements detailing the store and purchase amount.

**Note:** The Options listed above are for illustrative purposes only. Exact dollar amounts and number of Hero Payments are subject to change based on final Program provisions, appropriation amount, distribution option, and number of eligible frontline workers.

**FISCAL IMPACT/SOURCE OF FUNDING:**

The City is expected to receive \$4.4 million in American Rescue Plan Act (ARPA) funds, with approximately half of the total amount received on or before June 1, 2021. Staff is seeking direction on what amount of ARPA funds shall be appropriated to the Hero Payment Program.

**REQUESTED ACTION:**

City Council provide further direction on establishing program guidelines and an appropriation amount for a one-time “Hero Payment” to frontline grocery workers.

**ATTACHMENTS:**

1. Estimated Staff Count of Calabasas Retail Grocery Stores
2. Correspondence Received