

SUPPLEMENTAL REPORTS & COMMUNICATIONS I
Office of the City Clerk

City Council of the City of Napa
Regular Meeting

April 6, 2021

FOR THE CITY COUNCIL OF THE CITY OF NAPA:

AFTERNOON SESSION:

3. PUBLIC COMMENT:

- 1) Email from Daniella Bell received on March 19, 2021.
- 2) Email and attachment from Keri Akemi-Bezayiff received on March 23, 2021.
- 3) Email from Maureen Trippe and Joyce Stavert, Slow Down Napa, containing comments and graphics from Slow Down Napa public messaging campaign received on April 5, 2021. *

5. ADMINISTRATIVE REPORTS:

5.B. 2020 Housing Element Annual Progress Report

- PowerPoint Presentation by City Staff.

5.C. Potential Hazard Pay for Grocery Store Employees

- PowerPoint Presentation by City Staff.
- 1) Letter from Randy Gulate received on March 29, 2021.
 - 2) Email containing letters and attachments from Timothy James, California Grocers Association, received on March 30, 2021.
 - 3) Email from Philippa J. Perry received on April 5, 2021.
 - 4) Email and attachment from Ryan Allain on behalf of Rachel Michelin, California Retailers Association, received on April 5, 2021. *
 - 5) Email from Michael Weinberg, SEIU Local 1021, received on April 5, 2021. *
 - 6) Email from Dylan Miller received on April 6, 2021.
 - 7) Email from Carol Whichard received on April 6, 2021. *
 - 8) Email from John Gomez received on April 6, 2021.
 - 9) Emails from Patrick Gaul, owner of Napa Grocery Outlet, received on April 6, 2021. *
 - 10) Email from Michael Vasquez received on April 6, 2021.
 - 11) Email from Sammy Barloggi received on April 6, 2021.
 - 12) Email from Anne Marden received on April 6, 2021.
 - 13) Email from Roxie Comstock received on April 6, 2021.

****EMAIL OR HANDWRITTEN COMMENTS WILL BE READ INTO THE RECORD BY CITY STAFF
DURING THE MEETING.***

To: The Clerks division of the City of Napa

March 19, 2021

Requiring: The Gray Haven Health and Wellness
423 Seminary St, Napa, CA. 94559

I have just gotten back from a presentation and luncheon at Gray Haven Health and Wellness program, the restored mansion that has been renovated to become a residential treatment house for the mentally ill with or without dual diagnoses (having an addiction to drug or alcohol plus mental diagnoses) coming out of incarnation.

Our group has a variety of back grounds and needs. Each of us having our own personal story to understand what it is like to need help to learn to live and be able to be independently at some point in our lives. All of us had lived in psychiatric hospital or prison and other homeless and in jails; but all of us have a mental illness and a few dual diagnoses. We were asked to evaluate the program and living place plus its treatment and philosophy. To give feedback especially any problem areas. I went in knowing nothing about the place.

I am so impressed I wanted to write this letter for the City to let you know of this great place and its program that we in Napa are going to be honored to have.

We were stun, the mansion is restored to its original beauty of 1884 and the furnishing new and modern. No money was spared in this project only the best of everything.

Dr. Gray credentials are outstand knowing all aspect needed for this program; working as a Psychiatric technician at 2 hospital, a lawyer working in mediating civil case, and family law. Was a judge in criminal trial court; she then established the first mental health court in CA. She got her doctorate in Clinical Psychology studying the returning rate of inmates and forensic studies on early trauma and its effects.

We, who have been in the system know 3 things equal success: safety, motivation, and caring.

The staff is caring and well trained and high ratio to client.

SAFETY, a plan is in place if person missing. The intake process, **certain crimes and mental illness will not be considered**. The application must come from a behaviors or probations officer; extensive back ground check of crime(s), medical, behavior, motivation, and an interview. You must also be 18-50 on Medical or Medicare and a Napa citizen.

Dr. Gray shared each client will see a psychiatric each week, the best in diagnosing mental illness and prescribing medications, and see their social worker weekly, plus still follow court orders, doctors, dentist and transportation. Programs on physical, health, mind, social, life skills, arts, spirituality (persons choosing), and include family or care takers, plus a drug or alcohol program if needed. There daily check-in groups morning and evening, coping skills, job training plus quite time doing what want, and fun time too.

The residents will go at their own pace, starting at supervised homing to private independent in end. Sign: Daniella Bell

From: [Keri Akemi-Bezayiff](#)
To: [Clerk](#); [Steve Potter](#); [Scott Sedgley](#); alessio@cityofnapa.org; [Mary Luros](#); [Bernie Narvaez](#); bp@bethpainter.com
Subject: 03/23 Public Comment to City Council on Gray Haven
Date: Tuesday, March 23, 2021 11:39:57 AM
Attachments: [Support for Gray Haven.pdf](#)

[EXTERNAL]

March 23, 2021

Good morning Napa City Manager, Mayor, Vice Mayor and City Council members,

I had the pleasure of meeting with Judge Patricia Gray and Program Director, this week, to learn more about their program goals at Gray Haven. I came with an open mind, although there has been quite a lot of misinformation circulating and creating a lot of public controversy, all of my questions were answered with some reassuring details that I thought you might be interested to know.

After meeting with Gray Haven, I have a sense of relief and inspiration for their program

I wasn't sure what to expect when I arrived. I thought it might feel like an institution or appear clinical inside the property, but the sense of home was very refreshing. Hearing the combined experience of the staff, Psychologist, and Judge Gray was very informative about typical probation and parole experiences vs what they offer with their transitional rehabilitation program. They are setting up residents for success, holding their hand every step of the way with supervision and daily activities to support their wellbeing. We have to consider that if this program wasn't available, that those who are eligible for parole would be released but with limited supervision or engagement, because unfortunately, that is the reality of the visits of the assigned parole officer. Gray Haven by design, is a beautiful concept to restore a person with dignity, provide a home and community of support, while ensuring that they will succeed. As a woman and mother, hearing how they screened residents was very reassuring to be to know that they were not going to have those with violent offenses or sex offenders in their program.

"I wear two hats here, one is deeply committed to advocating for the well being of our community, and the 2nd responsibility is to vet every resident and advocate for their success to become resilient members of our community," Judge Gray.

I invite you to schedule a time to tour Gray Haven. I am thankful for the courage for Judge Gray to bring this program to Napa and to learn about lifelong passion to help give people a second chance at life. Please keep an open mind and heart to welcome this program to our community.

The Eliza G. Yount house is a beautiful historic home that is inviting from the outside, as you walk up the steps to the front door and enter the main floor. There are cozy pieces of furniture, warm colors on the walls, living plants, fresh flowers, and an activity board planned for a 9 hour day for the residents. Each resident has to follow the terms of the probation, based on the criteria mentioned above, but unique probation terms for each person released.

"We focus on the 4 pillars of resilience to help residents, which focus on strengthening their mental, physical, social and spiritual components of their lives to learn how to self-sustain and have the proper resources to overcome their unique personal challenges,"

Philippe Kane, PsyD, LCP, Gray Haven Program Director.

How do you screen and select residents?

“There are 3 categories of those who can be eligible for parole, and we do not consider the highest risk of recidivism or those who are convicted of violent crimes, and no sex offenders. We select those who are the lowest risk and have the best chance for success,” Judge Gray.

How much staff will be dedicated to the program?

“Initially we will have 22 employees dedicated to our residents. All residents will be supervised, they will not be allowed to leave Gray Haven unaccompanied, and they will be immersed in a 9 hour daily program. We will have them take skills tests to help develop work skills, listen to learn about their interests, have them do art projects and hope to have them work to repair bicycles on site as a source for income. We have cameras around the exterior of the home and throughout the interior of the home to monitor activity. Even as they rest, we are monitoring the residents,” Judge Gray.

How many residents are planned?

“We are planning between 6 to 16 residents initially, who will reside in the main home. Residents might stay for as long as 1 or 2 years, or longer if needed, to help rehabilitate them. We are dedicated to the success of the program for the long term and as we help our residents achieve their goals, we will have other opportunities available for more residents. We will be able to build additional structures that are within development review which will support long term needs,” Judge Gray.

Kindest Regards,

~ Keri

Keri Akemi-Hernandez



I learned that there is a new Behavioral Health Reentry Program, that is coming to Napa called Gray Haven. Local residents have voiced their concerns and I wanted to better understand what was being proposed. I first needed to learn about the parole and probation process in general to compare and better understand the program being offered at Gray Haven.

Parole is a complex system in the penal system that allows convicted prisoners to start a new life with supervision. Historically, the term parole meant by voice or by your word, and that is exactly what it is today. A person on parole is still serving their sentence, but they are allowed to live on the outside, provided they follow specific rules. The rules for parole change from state to state, behavior of the inmate, and the severity of the charge.

It is important to understand that not all prisoners are eligible for parole and if they are considered, it is because they have earned it. There is a process to evaluate each person before they re-enter society, and typically they are dropped off with no supervision, except for random searches by parole officer. When an offender has completed their sentence, they are released to either state supervised parole or county-level supervision also known as post-release community supervision. Once Prisoners are released, they are typically placed in a community, sometimes an address of a home is identified where they will be living and sometimes, they are released into the street of the community where they have been released and are assigned a parole officer to follow up with. This is where it gets complicated because it requires them to figure things out while adhering to the terms of their release, with little supervision or guidance from their parole officer.

Every state parole board must consider a prescribed set of factors when considering a prisoner's request. Common among them are:

- How serious was the underlying offense, and did the sentencing judge make any parole recommendations?
- Has the prisoner followed prison rules and regulations while incarcerated?
- Have any victims expressed strong concerns regarding parole, and
- What are the chances that the prisoner will be able to successfully reintegrate into society?

Here is what typical parole and probation might look like. All convicted offenders must comply with the court-ordered special conditions of their probation or parole. These rules may include:

- Reporting in person to probation or parole offices
- Participating in intensive supervision programs
- Not leaving the designated city/state without permission
- Finding and maintaining regular employment
- Not changing residence or employment without permission
- Not using drugs or alcohol; not entering drinking establishments
- Not possessing firearms or other dangerous weapons
- Not associating with persons who have criminal records
- Submitting to urinalysis or blood testing when instructed
- Paying supervision fees
- Obeying all state and local laws

- Conforming to electronic monitoring and special curfews
- Participating in transitional housing programs
- Paying restitution to victims in a timely manner
- Attending anger management courses
- Following court-ordered alcohol and drug counseling
- Following court-ordered mental health counseling and treatment
- Staying away from the victim(s) of their crime(s)

What is different about Gray Haven and other types of transitional housing experiences?

I had the pleasure of meeting with Judge Patricia Gray and Program Director, this week, to learn more about their program goals at Gray Haven. I came with an open mind, although there has been quite a lot of misinformation circulating and creating a lot of public controversy, all of my questions were answered with some reassuring details that I thought you might be interested to know.

The Eliza G. Yount house is a beautiful historic home that is inviting from the outside, as you walk up the steps to the front door and enter the main floor. There are cozy pieces of furniture, warm colors on the walls, living plants, fresh flowers, and an activity board planned for a 9 hour day for the residents. Each resident has to follow the terms of the probation, based on the criteria mentioned above, but unique probation terms for each person released.

“We focus on the 4 pillars of resilience to help residents, which focus on strengthening their mental, physical, social and spiritual components of their lives to learn how to self-sustain and have the proper resources to overcome their unique personal challenges,”
Philippe Kane, PsyD, LCP, Gray Haven Program Director.

How do you screen and select residents?

“There are 3 categories of those who can be eligible for parole, and we do not consider the highest risk of recidivism or those who are convicted of violent crimes, and no sex offenders. We select those who are the lowest risk and have the best chance for success,” Judge Gray.

How much staff will be dedicated to the program?

“Initially we will have 22 employees dedicated to our residents. All residents will be supervised, they will not be allowed to leave Gray Haven unaccompanied, and they will be immersed in a 9 hour daily program. We will have them take skills tests to help develop work skills, listen to learn about their interests, have them do art projects and hope to have them work to repair bicycles on site as a source for income. We have cameras around the exterior of the home and throughout the interior of the home to monitor activity. Even as they rest, we are monitoring the residents,” Judge Gray.

How many residents are planned?

“We are planning between 6 to 16 residents initially, who will reside in the main home. Residents might stay for as long as 1 or 2 years, or longer if needed, to help rehabilitate them. We are dedicated to the success of the program for the long term and as we help our residents achieve their goals, we will have other opportunities available for more residents. We will be able to build additional structures that are within development review which will support long term needs,” Judge Gray.

After meeting with Gray Haven, I have a sense of relief and inspiration for their program

I wasn't sure what to expect when I arrived. I thought it might feel like an institution or appear clinical inside the property, but the sense of home was very refreshing. Hearing the combined experience of the staff, Psychologist, and Judge Gray was very informative about typical probation and parole experiences vs what they offer with their transitional rehabilitation program. They are setting up residents for success, holding their hand every step of the way with supervision and daily activities to support their wellbeing. We have to consider that if this program wasn't available, that those who are eligible for parole would be released but with limited supervision or engagement, because unfortunately, that is the reality of the visits of the assigned parole officer. Gray Haven by design, is a beautiful concept to restore a person with dignity, provide a home and community of support, while ensuring that they will succeed. As a woman and mother, hearing how they screened residents was very reassuring to be to know that they were not going to have those with violent offenses or sex offenders in their program.

“I wear two hats here, one is deeply committed to advocating for the well being of our community, and the 2nd responsibility is to vet every resident and advocate for their success to become resilient members of our community,” Judge Gray.

I invite you to schedule a time to tour Gray Haven. I am thankful for the courage for Judge Gray to bring this program to Napa and to learn about lifelong passion to help give people a second chance at life. Please keep an open mind and heart to welcome this program to our community.

Letter from Keri Akemi-Hernandez

Parole Research sources:

<https://www.hg.org/legal-articles/how-does-parole-work-36723>

<https://www.lawyers.com/legal-info/criminal/parole-probation/parole-an-early-release-from-prison.html>

<https://www.prisonfellowship.org/resources/training-resources/reentry-ministry/ministry-basics/probation-and-parole-requirements/>

From: [Maureen Trippe](#)
To: [Clerk](#)
Cc: [Joyce Stavert](#)
Subject: Public Comment and Attachments for Council Meeting April 4th, 2021
Date: Monday, April 5, 2021 2:57:38 PM
Attachments: [Slow Down Napa ideas for Public Messaging Campaign 04.05.21.docx](#)
[Slow Down with message2.pdf](#)
[SlowDownNapa sticker.pdf](#)
[SlowDownNapa cyclist \(1\).pdf](#)

[EXTERNAL]

Hello Caitlin and City Team,

Thanks, as always for your assistance with comments and supplements for the City Council meetings.

These attachments are for tomorrow's afternoon meeting at 3:30pm.

1. PLEASE READ the word doc titled: Slow Down Napa Ideas for Public Messaging Campaign April 4th, 2021
2. Please print copies of the three pdf graphics titled: Slow Down w/ Message, Slow Down sticker and Slow Down cyclist.

Again, our thanks. Hope you're enjoying all that spring is bringing our way!

Cheers,

Maureen and Joyce

Maureen C. Trippe



TO: Napa City Council
FROM: Slow Down Napa
DATE: April 5, 2021
RE: Submitting ideas for a public messaging campaign

Good Afternoon Mr. Mayor and Councilmembers,

Slow Down Napa is here to ask for your support for a public messaging campaign to curb speeding in Napa by reminding everyone to slow down and be kind. The timing for an awareness campaign couldn't be better. It's spring, we're getting vaccinations and we are hopefully about to enter less restrictive tiers – Napa life is returning and we'll have more locals and tourists out on the streets.

During the pandemic, due to a variety of reasons that include reduced enforcement and quieter streets, people have taken the opportunity to drive faster, go through stop signs and red lights and generally behave badly. We will continue to advocate for better enforcement and other calming measures, but we also believe an awareness campaign can be extremely helpful in the interim.

Please take a look at the proposed Slow Down Napa graphics which can be used for lawn and/or street posters, bumper stickers, signage and social media campaigns. If you feel that this is a positive move, can you tell us how to incorporate a campaign like this into the City's marketing and public service messaging channels? We'd like to get started right away, and we are happy to make any requested edits to the graphics to suit your needs. Please let us know how to proceed.

Thank you for your consideration and support.

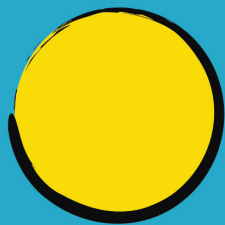
With appreciation,

Maureen Trippe and Joyce Stavert
Co-Founders, Slow Down Napa



*Preserve our small-town vibe
and be kind to your neighbors!*

SLOW DOWN

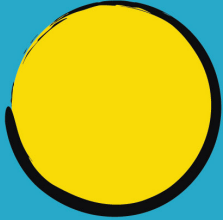


NAPA

www.slowdownnapa.com



SLOW DOWN



NAPA

www.slowdownnapa.com



**SLOW
DOWN
NAPA**



**City Council Meeting
April 6, 2021
Supplemental I - 5.B.
From: City Staff**



Housing Element Annual Progress Report

April 6, 2021

Returning for 2020

- Table A
 - Housing Projects
- Table A2
 - Affordability & Status
- Table B
 - Permit Summary

Table A										
Housing Development Applications Submitted										
Unit Types		Date Application Submitted	Proposed Units - Affordability by Household Incomes							
2	3	4	5							
Unit Category (SFA, SFD, 2 to 4, 5+ ADU, MH)	Tenure R=Renter O=Owner	Date Application Submitted	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Total Units

Table A2									
Annual Building Activity Report Summary - New Construction, Entitled, Permits and Completed Units									
Unit Types			Affordability by Household Incomes - Completed Entitlement						
2	3	4							
Unit Category (SFA, SFD, 2 to 4, 5+ ADU, MH)	Tenure R=Renter O=Owner		Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income

Table B						
Regional Housing Needs Allocation Progress						
Permitted Units Issued by Affordability						
1	2					
RHNA Allocation by Income Level	2015	2016	2017	2018	2019	2020
185				53		30
106		6	1	15	16	27
141		2			11	18
403	99	135	37	523	21	20
835					92	44
	99	143	38	591	160	139

Permitted Housing Units

2015 to 2023

	Very Low	Low	Moderate	Above Moderate	Second Units	Total
2015				96	3	99
2016		6	2	132	3	143
2017		1		20	17	38
2018	53	15		479	44	591
2019		27	41	92	34*	160
2020	30	45	20	44	45	139
2021						
2022						
2023						
Total	83	94	63	866	146*	1170
RHNA	83/185	94/106	63/141	930/403	n/a	1170/835

* ADUs are now included in the appropriate income category



Housing Element Implementation

2020 Accomplishments

- Continued General Plan Update
- 1 deed-restricted ADU thru Junior Unit Initiative
- LEAP Grant – Housing Element Update
- Completed 68 Low Income Units
- River Park Manor Rehabilitation
- Continued assistance programs



Action

Final action by the City Council:

- Accept the 2020 Housing Element Annual Progress Report and direct Staff to file the report with HCD and OPR*

* Filed prior to the April 1 deadline. Changes or amendments to the report may still be submitted





City Council Meeting
April 6, 2021
Supplemental I - 5.C.
From: City Staff

Grocery Store Hazard Pay

April 6, 2021

Background

- Approximately 20 jurisdictions in California passed similar ordinances requiring a short-term pay increase to impacted employees
- Council Workshop – Priorities
- March 23rd received direction from Council to return with more information and clarifications on:
 - Definition of Grocery Store & Covered Employer
 - Labor Representation, Opt-Out Procedure
 - Enforcement Provisions
 - Potential Impacts to Public Assistance Qualifications

Definitions

“COVERED EMPLOYER” & “GROCERY STORE”



Covered Employer Definition



- Provides the framework for which entities are impacted
- Generally, speaks to business size; (i.e., number of employees)
- Larger grocery stores typically employ 75-100 employees
- Recommendation:
 - 300 or more employees nationwide; and
 - 200 or more employees in California; or
 - Franchisee associated with a Franchisor (or network) that employee more than 300 employees in aggregate

Grocery Store Definition

- Variety of approaches on which retail stores are covered
 - Most frequently ordinances have focused on “Grocery Stores”
- Council direction on March 23rd was to provide clarification and detail on the definition of “Grocery Store” as opposed to other types of large retail stores (i.e. pharmacy, drugstore, “big box,” etc.)
- Definitions have included:
 - Phrases focused on the types of foodstuffs available for purchase
 - Total size of the facility
 - Percentage of retail floor space dedicated to foodstuffs

Grocery Store Definition Recommendation

“Grocery Store” means a retail or wholesale store that is at least **15,000 square feet in facility size** that is located within the geographic limits of the City, and that sells **primarily** household foodstuffs for offsite consumption, including the sale of fresh produce, meats, poultry, fish, deli products, dairy products, grain products, canned foods, dry foods, frozen foods, beverages, baked foods, or prepared foods. A “Grocery Store” may sell other household supplies or other products, or provide for some onsite consumption, that are secondary to the primary purpose of food sales. For the purposes of this Ordinance, there is a rebuttable presumption that a store meets the definition of “Grocery Store” if it **devotes 70% or more of its interior space to the sale of household foodstuffs for offsite consumption**, including the sale of fresh produce, meats, poultry, fish, deli products, dairy products, grain products, canned foods, dry foods, frozen foods, beverages, baked foods, or prepared foods.



Additional Information

**IMPACTED STORES
ENFORCEMENT PROVISIONS
PUBLIC ASSISTANCE IMPACTS**



Impacted Stores within Napa

- Represented
 - Safeway
 - Lucky's (2 locations)
 - Raley's/Nob Hill Foods (2 locations)
 - Grocery Outlet (2 locations)
- Unrepresented
 - Whole Foods
- Opt-Out Procedure
 - Defined within ordinance through collective bargaining agreement

Enforcement Provisions

- Urgency Ordinance:
 - 4/5 vote of Council: for the immediate preservation of public peace, property, health or safety
 - Effective immediately upon adoption
 - Uncodified ordinance due to short-term application
- Enforcement:
 - Any aggrieved party (Covered Employee) has the right to enforce against Covered Employer for alleged violations:
 - Grievance process through established labor agreements or employer processes
 - Complaint filed with State Labor Commissioner's Office
 - Action filed in Civil Court
 - City provides information to assist individuals
 - City does not actively enforce the ordinance for individuals

Public Assistance Programs

- Short term increases in income may impact qualifications for certain programs
- Impacts would be highly dependent on an employee's specific circumstances



Questions & Discussion

- Staff Recommends that the City Council:
 - Provide direction to staff regarding next steps for a Grocery Worker Hazard Pay Ordinance
 - Confirm staff recommended definitions of “Covered Employer” and “Grocery Store”

March 29, 2021

To City Council Members

Regarding Hero Pay

My concerns on paying Hero Pay to anyone person or group are:

Where do you draw the line on who gets it?

Will it set a precedent? So now other unions, or employee organizations or even individuals will want this extra pay and how can you say NO- paramedics, Nurses, Fire, Police, Nonprofits, just to name a few have been on the front lines so you should force those employers to pay them Hero Pay?

What about the privately owned stores -Are you not driving a wedge between those employees and the HERO pay employees?

This will create an increase in pay, and they could possibly lose their Financial benefits.

They have had a job this whole time whereas double digit unemployment means a lot of people are Heroes just keeping their families fed and out of trouble.

Do we know what these potential Hero (grocery) employee's wages are? I do not believe they are being paid minimum wage.

Can you legally force a private company to pay any kind of pay - So you would be able to dictate that every attorney in town or every nonprofit can only get paid a certain amount of money or that they are forced to pay their employees extra pay?

What if you provided a City Resolution that goes out to all Heroes and leave it at that- you have acknowledged those individuals and it has not cost you nor the employers money.

Thanks



Randy Gularte

From: [Tim James](#)
To: [Scott Sedgley](#); [Liz Alessio](#); [Beth Painter](#); [Mary Luros](#); [Bernie Narvaez](#)
Cc: [Clerk](#)
Subject: Grocery Worker Pay - April 6 Agenda
Date: Tuesday, March 30, 2021 12:34:52 PM
Attachments: [Napa Grocery Pay LTR 3-30-21.pdf](#)
[CGA - Letter to Napa City Council - 4456607.pdf](#)
[2021-Extra-Pay-Mandates-Economic-Study.pdf](#)

You don't often get email from tjames@cagrocers.com. [Learn why this is important](#)

[Feedback](#)

[EXTERNAL]

Councilmembers, please accept the attached letters and documents regarding the grocery pay ordinance. Please contact me directly to discuss. Thank you for your consideration. Tim

Timothy James
Director, Local Government Relations
California Grocers Association
916-448-3545

March 29, 2021

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

Via Email

The Honorable Scott Sedgley
City Hall
955 School Street
Napa, California 94559

Re: Grocery Worker Hazard Pay Ordinance

Dear Council Members:

We write on behalf of our client, the California Grocers Association (the "CGA"), regarding the City's consideration of a "hazard pay" ordinance for grocery workers in Napa. Any hazard pay ordinance will compel grocers in Napa 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.

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.

Hazard pay ordinances are unconstitutional. 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 collective 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: Napa City Council
Liz Alessio
Beth Painter
Mary Luros
Bernie Narvaez

March 30, 2021

The Honorable Scott Sedgley
Mayor, City of Napa
955 School Street
Napa, CA 94559



RE: Grocery Worker Pay

Dear Mayor Sedgley,

On behalf of Napa 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 Napa perform an economic impact report to understand the true impacts of this policy. If you choose not to understand specific impacts for Napa, 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 Napa. 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 Napa 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 being able to combat the pandemic in partnership with the City of Napa.

Sincerely,


Timothy James
California Grocers Association

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

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.

Table of Contents

EXECUTIVE SUMMARY 4

INTRODUCTION..... 6

BACKGROUND — GROCERY IS A LOW-MARGIN, HIGH-LABOR COST BUSINESS 6

 COVID-19 TEMPORARILY BOOSTED PROFITS 6

 BUT THE INCREASES ARE SUBSIDING 7

 MANY STORES INCUR LOSSES IN NORMAL YEARS 8

 MANDATED WAGE INCREASES WOULD PUSH MOST STORES INTO DEFICITS..... 8

POTENTIAL IMPACTS ON CONSUMERS, WORKERS AND COMMUNITIES 8

 HIGHER COSTS PASSED ALONG TO CONSUMERS 9

 HIGHER COSTS ARE OFFSET BY JOB AND HOURS WORKED REDUCTIONS 9

 SOME COMMUNITIES WOULD LIKELY BECOME FOOD DESERTS 10

CONCLUSION 11

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.

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/>

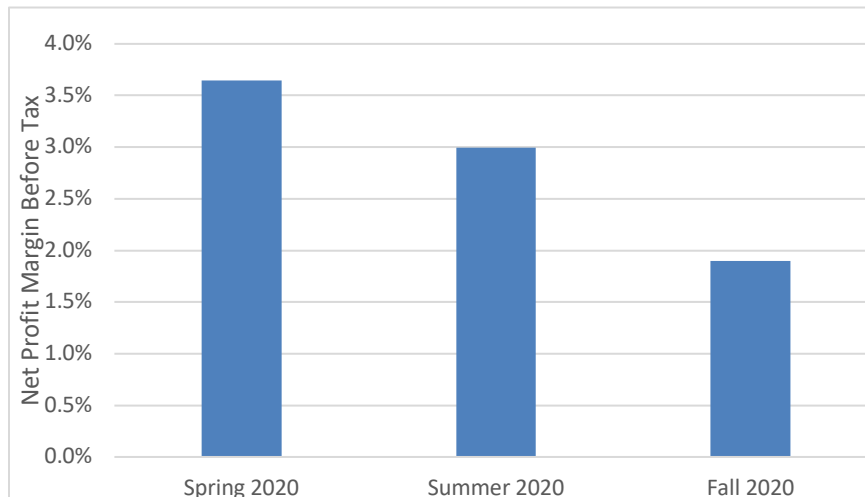
³ Source: “2020 Independent Grocer Financial Survey.” Sponsored by the National Grocer’s Association and FMS Solutions Holding, LLC

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.⁵ 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).⁶

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.

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.¹¹

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.¹² 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.¹⁴ 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

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 "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.”¹⁷ The map also shows several food deserts in and around the City of Long Beach. The hazard pay proposal would exacerbate this problem.

¹⁶ Employment Development Department. Labor Market Information Division. Quarterly Census of Employment and Wages. <https://www.labormarketinfo.edd.ca.gov/qcew/qcew-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.

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

From: [REDACTED]
To: [Clerk](#)
Subject: Hazard pay for grocery store employees
Date: Monday, April 5, 2021 11:54:53 AM

[You don't often get email from [REDACTED]. Learn why this is important at <http://aka.ms/LearnAboutSenderIdentification>.]

[EXTERNAL]

Strongly opposed
Sincerely

Sent from my iPad

From: [Ryan Allain](#)
To: [Clerk](#)
Subject: COMMENT TO COUNCIL FOR (4/6/21) – PLEASE READ
Date: Monday, April 5, 2021 12:09:24 PM
Attachments: [Napa Letter - 4.5.21.pdf](#)

You don't often get email from ryan@calretailers.com. [Learn why this is important](#)

[Feedback](#)

[EXTERNAL]

Hello --

On behalf of the California Retailers Association and Californians for a Safe and Rapid Recovery, please read the attached letter in respectful opposition to **Agenda Item 5C (File Number 117-2021)** the proposed premium pay ordinance.

Please reach out if you have any questions.

Thank you,

Ryan Allain

Manager, State and Local Government Affairs
California Retailers Association
1121 L Street, Suite 607
Sacramento, CA 95814
(916) 443-1975

April 5, 2021

The Honorable Scott Sedgley
Mayor
City of Napa
955 School Street
Napa, CA 94559

Dear Mayor Sedgley and Members of the City Council:

Californians for a Safe and Rapid Recovery represents a diverse and growing coalition that opposes government-mandated premium pay ordinances (see attached for a full list of our coalition members). While mandated premium pay ordinances vary, the effects and unintended consequences of increasing labor costs on retailers by as much as 30 percent are the same:

Counterproductive for Workers

- 66,000 Californians could lose their jobs if premium pay mandates are enacted statewide on top of postponing hiring, promotions, and raises for employees.
- Five grocery stores have already closed in other cities as a result of government-mandated premium pay.

Increases the Cost of Living

- Adds about \$400 to the annual cost of food and household supplies for the typical family of four in California.
- Higher costs for food, diapers, and clothes will disproportionately impact those who can least afford it.

Hurt Communities

- A final blow to stores under financial pressure – forcing them to close and creating voids for the communities that rely on them.
- Vacant storefronts will further depress struggling neighborhoods and worsen pressing issues like homelessness.
- Local retail stores are part of the fabric of communities — often giving back to schools, supporting food banks, and contributing to non-profits.

Reports of windfall profits are over simplified. In 2020, retailers supported employees with billions of dollars in bonuses and voluntary premium pay on top of regular wages, while also hiring a record number of new employees. Additionally, retailers reinvested billions of dollars into employee pensions, benefits, and safeguards to protect workers and customers. The [City of Los Angeles's economic impact report](#) found mandated premium pay would “eliminate all current profit margin” for retailers — forcing them to raise prices or close stores.

Premium pay mandates put local governments in the middle of employer and labor bargaining processes. Rather, local governments should be focusing on quickly

administering vaccinations to keep everyone safe, while ensuring a rapid economic recovery.

We are encouraged by the cities of Pasadena and San Carlos who recognized that government-mandated premium pay is counterproductive and recently rejected ordinances.

Please feel free to reach out if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rachel Michelin', with a stylized, cursive script.

Rachel Michelin
President
California Retailers Association

Attached:

- Californians for a Safe and Rapid Recovery coalition list

Coalition Members

The following organizations are members of Californians for a Safe and Rapid Recovery and opponents of government-mandated premium pay that is counterproductive for workers and hurts consumers and our communities.

Organizations

- Anaheim Chamber of Commerce
- Antelope Valley Chamber of Commerce
- Brea Chamber of Commerce
- California African American Chamber of Commerce
- California Asian Pacific Chamber of Commerce
- California Business Properties Association
- California Business Roundtable
- California Chamber of Commerce
- California Hispanic Chambers of Commerce
- California Retailers Association
- California Taxpayers' Coalition
- California Taxpayer Protection Committee
- Carlsbad Chamber of Commerce
- Central Valley Business Federation
- Central Valley Taxpayers Association
- Chamber of Commerce and Civic Association of Pasadena
- Consumer Choice Center
- Culver City Chamber of Commerce
- Family Business Association of California
- Fountain Valley Chamber of Commerce
- Fresno Chamber of Commerce
- Fresno County Farm Bureau
- Gardena Valley Chamber of Commerce
- Gilroy Chamber of Commerce
- Greater San Fernando Valley Chamber of Commerce
- Kern County Taxpayers Association
- LAX Coastal Chamber of Commerce
- Los Angeles County Business Federation
- Murrieta/Wildomar Chamber of Commerce
- National Association of Chain Drug Stores
- National Federation of Independent Business - California
- National Retail Federation
- Norco Area Chamber of Commerce
- Oceanside Chamber of Commerce
- Orange County Business Council
- Orange County Taxpayers Association
- Placer County Taxpayers Association
- San Diego Tax Fighters
- San Gabriel Valley Economic Partnership
- San Leandro Chamber of Commerce
- San Pedro Chamber of Commerce
- South Orange County Economic Coalition
- Southwest California Legislative Council
- Torrance Area Chamber of Commerce
- Valley Industry and Commerce Association
- West Hollywood Chamber of Commerce
- Yorba Linda Chamber of Commerce

**As of April 5, 2021*

From: Michael Weinberg <michael.weinberg@seiu1021.org>
Sent: Monday, April 5, 2021 4:22 PM
To: Clerk <clerk@cityofnapa.org>
Subject: COMMENT TO COUNCIL FOR April 6, 2021 MEETING – PLEASE READ”

[EXTERNAL]

Hi Caitlin

After I sent my email request to speak, I double checked my calendar and I realize that I might have conflict. Instead, I am submitting comments to be read during the meeting. My comments are below in quotations. I would appreciate a reply to confirm that my comments will be read during the meeting and that I won't be called as a speaker. I apologize for any confusion I have created.

Thank you.

Mike Weinberg

“Dear Mayor and City Councilmembers

I am writing in support of Hazard Pay for Grocery Workers, Item 5.C. I am positive that no one employed in the grocery industry thought of themselves as an essential worker critical to our survival prior to COVID-19. But here we are with grocery workers serving on the front line of America's defense with no ability to protect themselves or their family from COVID-19. They can be given masks, and plastic can be installed, but no one believes that's real protection.

Many of us are blessed to be able to work from home or restructure our work to be safer. Grocery workers have the least control over their own safety as they have no say in how their work space is designed or whether they could limit their contact with the public.

At the same time, the highly profitable grocery corporations are making even more money as our ability to buy our meals is severely limited during the pandemic, and people became accustomed to waiting in line to enter the grocery store where they stocked up to limit the need for public contact to purchase groceries.

The least we can do as a community is to tell grocery workers that they are important. They have made meaningful sacrifices to our community to keep everyone else safe and healthy at the expense of their health and that of their families. We can do this by requiring the largest and most profitable grocery corporations to share a small portion of their pandemic profits with their workers who created this wealth, by raising wages \$5/hour for as long as possible, as soon as possible. Every day that such an ordinance is delayed is a day where the grocery corporations continue to enrich themselves at the expense of their workers.

Thank you for approving this ordinance and saying to the grocery corporations, you need to do right for your workers who created these riches.

Michael Weinberg, SEIU Local 1021 and Napa resident.”

From: [Dylan Miller](#)
To: [Clerk](#)
Subject: Hazard pay
Date: Tuesday, April 6, 2021 12:18:18 PM

[EXTERNAL]

We definitely deserve the hazard pay cause we are on the front lines and it would help alot of the workers and help people with extra money in there pockets

From: [Dylan Miller](#)
To: [Clerk](#)
Subject: Re: Hazard pay
Date: Tuesday, April 6, 2021 1:21:31 AM

You don't often get email from [REDACTED]. [Learn why this is important](#)

[Feedback](#)

[EXTERNAL]

We definitely deserve the hazard pay cause we ate on the front lines and it would help alot of the workers and help people with extra money in there pockets

On Mon, Mar 22, 2021, 4:25 PM Clerk <clerk@cityofnapa.org> wrote:

Hi Dylan,

The City Clerk's Office is confirming receipt of your below written comments. Your written comments will be provided to City Council and City Staff for the Special City Council Meeting on March 23, 2021 for Item 3A. Your written comments will be made a part of the record.

Thank you,

Caitlin Saldanha

Deputy City Clerk

City of Napa – City Hall – City Clerk's Office

955 School Street, Napa, CA 94559

Phone (707) 258-7870

Email csaldanha@cityofnapa.org

Website www.cityofnapa.org

cityofnapa



From: Dylan Miller <[REDACTED]>
Sent: Monday, March 22, 2021 4:20 PM
To: Clerk <clerk@cityofnapa.org>
Subject: Hazard pay

You don't often get email from [REDACTED]. [Learn why this is important](#)

[Feedback](#)

[EXTERNAL]

The covid has really impacted the community cause alot of people don't have extra money and having this extra pay will have more in the pocket

From: [Carol Whichard](#)
To: [Clerk](#)
Subject: Comment to Council for April 6, 2021meeting-PLEASE READ
Date: Tuesday, April 6, 2021 8:28:47 AM

[EXTERNAL]

Re: Agenda item 5C

Dear council members and Mayor Sedgely,
I write today in partial support of the proposed ordinance regarding hazard pay for grocery store workers. I appreciate you taking on this very important issue. I would like you to consider broadening the ordinance to include employees who work for Target. While Target may not be considered primarily a grocery store, they have everything a grocery store has to offer its customers, with the exception of a full and complete meat/deli section. These workers, much like their counterparts at Safeway, Raley's, etc have been the reason Target has remained open throughout the pandemic. To exclude these workers is unfair. Thanks for your time.

Respectfully Submitted,

Carol Whichard

--

Carol Whichard

From: [Beth Painter](#)
To: [Clerk](#)
Subject: Fwd: Updated summary of cities that have passed hazard pay
Date: Tuesday, April 6, 2021 10:46:21 AM
Attachments: [Passed Ordinance Summary updated 4-6-2021.docx](#)

For the public record.

Beth Painter
Napa City Councilmember, District 2
bpainter@cityofnapa.org

Begin forwarded message:

From: John Gomez <[REDACTED]>
Subject: Updated summary of cities that have passed hazard pay
Date: April 6, 2021 at 10:40:49 AM PDT
Cc: Jim Araby <[REDACTED]>, Jon Riley <[REDACTED]>

Hazard Pay Ordinances

Oakland: Urgency Ordinance

- \$5.00 per hour
- 500 or more employees nationwide includes franchise/franchisees
- 15,000 sq ft
- Prohibits retaliation
- Collective Bargaining waiver
- Enforcement
- Sunsets when city reaches yellow tier

Berkeley: Urgency Ordinance

- \$5.00 per hour
- Stores with 300 or more employees nation wide
- Stores with 25,000 sq ft
- Sunset date of 120 days or city reaches yellow tier, whichever comes first
- No retaliation
- Collective bargaining waiver

San Jose: Regular ordinance

- \$3.00 per hour
- 120 days sunset
- 300 or more employees nation wide

Santa Clara County: Regular Ordinance grocery and drug

- \$5.00 per hour in unincorporated areas of county
- 300 or more employees nationwide or 15 employees in unincorporated areas of county
- Sunset date of 180 days or county covid emergency order is lifted. Whichever comes first.

San Mateo: regular and urgency ordinance

- \$5.00 per hour
- Stores and pharmacies with 750 or more employee's nation wide
- Excludes franchise

- 4 hours additional sick leave for vaccination
- Sunset date of 90 days urgency 120-day regular ordinance

San Leandro: urgency

- \$5.00 per hour
- 300 or more employees nation wide
- 15,000 sq ft or 85,000sq ft with 10% of sales floor dedicated to non-taxable merchandise
- Retail drug that sells a variety of prescription or non-prescription medicines
- Prohibited retaliation
- Collective bargaining waiver
- Credit for employer-initiated hazard pay
- Sunset date of yellow tier, 120 days or all covered employees are vaccinated

South San Francisco: urgency

- \$5.00 Per hour
- Grocery and drug stores with 500 or more employee's nation wide
- Retroactive hazard pay dating back to February 11th, 2021
- Sunset date of 90 days but officials could extend
- Up to 4 hours additional paid sick leave for vaccinations
- No franchise
- Credit for company-initiated hazard pay.

San Francisco: Urgency (unanimous)

- \$5 per hour
- Grocery and pharmacy with 20 or more employees or 500 employee's nation wide
- Does not apply to employees making more than \$35 an hour or more than \$75,000 per year.
- Sunset date of 60 days or when the local Emergency last
- Includes anti retaliation language.
- Includes grocery and pharmacy workers.
- Includes 4 hour paid leave to vaccinate.

Daly City

- \$5 per hour
- 500 or more employee's nation wide
- Stores at least 10,000 sq ft in size.
- Dedicates 10% or more of their sales floor to consumable food products.

- 120-day sunset
- 4 hours leave for vaccination.
- Anti-retaliation Clause

Millbrae

- Grocery and retail drug
- 750 or more employee's nation wide
- \$5 per hour
- Up to 4 hour paid leave to vaccinate.
- Anti- Retaliation language
- 120-day sunset

American Canyon

- \$5 per hour for large grocery workers
- 300 or more Employee's nation-wide or 200 or more in the State
- Anti-retaliation language
- 120-day Sunset

Concord

- \$5 per hour for large grocery stores
- Includes large franchises.
- 120-day sunset or yellow tier whichever comes last.
- Stores with 300 or more employee's nation wide

Alameda

- \$5 per hour for large grocery stores
- 120-day sunset date
- Regular ordinance

Albany

- \$5 per hour for large grocery stores/ will be amended to include Target and CVS.
- Sunset date of 60 days at which point they will review and extend if necessary.
- Stores with 300 or more employees Nation wide
- Urgency ordinance

From: Napa Grocery Outlet <napa@groceryoutlet.com>

Sent: Tuesday, April 6, 2021 11:47 AM

To: Scott Sedgley <SSedgley@cityofnapa.org>

Cc: Steve Potter <spotter@cityofnapa.org>

Subject: Hero/Hazard Pay Comments

You don't often get email from napa@groceryoutlet.com. [Learn why this is important](#)

[Feedback](#)

[EXTERNAL]

Dear Mayor Sedgley,

I write to you today as a local business owner with two grocery stores in the City of Napa. I am proud to have served this community through the pandemic, safely providing fresh wholesome foods AND proud to have kept about 80 employees working this past year. As an essential business, I have taken my responsibility seriously and kept my stores, employees and customers safe. Though very proud, this has been a difficult year financially, with profits at break-even or negative most months. I implore you to think of the devastating results this Hero/Hazard Pay tax would have on my family business, the grocery workers and the Napa Community before you render your vote.

I am proud to operate stores that go above and beyond Federal, State, and County requirements. Since the onset of the pandemic, I have invested tens of thousands of dollars in labor, safety equipment, shields, PPE, cleaners, sanitizers, and continue to spend thousands a month to maintain high levels of individual safety. I would venture to say, working in a hospital or grocery store are two of the safest places to be during this pandemic. It is gratifying to know my investment has been effective at keeping my employees safe. There have been only a handful of employees who tested positive and all have stayed healthy this past year. And recently, as another layer of protection, vaccinations were offered and many of the employees took advantage of this opportunity. Yet, all this progress could be in jeopardy.

This proposed tax would drive up the labor rate over 30% and force me to lay off a third of my employees. A lay-off of this magnitude would make it nearly impossible to order, fill, keep the stores clean and service the customers. All the hard work and investment of this past year would be completely lost! The worse would be the damage it would inflict on the workers and the community. Yes, a few workers would see larger paychecks for a short time, yet many would join the unemployed and some lose their benefits. The customers and community would suffer by having to deal with long lines, and once again, a disrupted food chain bringing anxiety when the Napa residents are looking for relief. An unintended outcome to this Hero tax would be to those on food assistance. With unemployment at staggering highs, we have partnered with local food banks to keep the food flowing to those in need. This tax would disrupt this flow of food when it is needed most.

I think we can all agree, our Napa Community needs economic recovery and our citizens need to see a brighter future. The best way to a brighter future is to get everyone back to work. This Hero tax will be a step back, putting more workers on assistance and bringing more stress to

our town. I beseech you to have the courage to do what's right for the Napa Community and vote this proposal down. Then, quickly look to develop business-friendly proposals that aid in putting our citizens back to work.

Thank you for your time.

Patrick Gaul

Owner

Napa and North Napa Grocery Outlet--

--

Patrick Gaul

Napa Grocery Outlet



www.groceryoutlet.com

From: [Napa Grocery Outlet](#)
To: [Clerk](#)
Subject: COMMENT TO COUNCIL FOR APRIL 6, 2021 MEETING - PLEASE READ
Date: Tuesday, April 6, 2021 11:58:41 AM

You don't often get email from napa@groceryoutlet.com. [Learn why this is important](#)

[Feedback](#)

[EXTERNAL]

Dear City Council Members,

I address you today as a local business owner with two grocery stores in the City of Napa. I am proud to have served this community through the pandemic, safely providing fresh wholesome foods AND proud to have kept about 80 employees working this past year. As an essential business, I have taken my responsibility seriously and kept my stores, employees and customers safe. Though very proud, this has been a difficult year financially, with profits at break-even or negative most months. I implore you to think of the devastating results this Hero/Hazard Pay tax would have on my family business, the grocery workers and the Napa Community before you render your vote.

I am proud to operate stores that go above and beyond Federal, State, and County requirements. Since the onset of the pandemic, I have invested tens of thousands of dollars in labor, safety equipment, shields, PPE, cleaners, sanitizers, and continue to spend thousands a month to maintain high levels of individual safety. I would venture to say, working in a hospital or grocery store are two of the safest places to be during this pandemic. It is gratifying to know my investment has been effective at keeping my employees safe. There have been only a handful of employees who tested positive and all have stayed healthy this past year. And recently, as another layer of protection, vaccinations were offered and many of the employees took advantage of this opportunity. Yet, all this progress could be in jeopardy.

This proposed tax would drive up the labor rate over 30% and force me to lay off a third of my employees. A lay-off of this magnitude would make it nearly impossible to order, fill, keep the stores clean and service the customers. All the hard work and investment of this past year would be completely lost! The worse would be the damage it would inflict on the workers and the community. Yes, a few workers would see larger paychecks for a short time, yet many would join the unemployed and some lose their benefits. The customers and community would suffer by having to deal with long lines, and once again, a disrupted food chain bringing anxiety when the Napa residents are looking for relief. An unintended outcome to this Hero tax would be to those on food assistance. With unemployment at staggering highs, we have partnered with local food banks to keep the food flowing to those in need. This tax would disrupt this flow of food when it is needed most.

I think we can all agree, our Napa Community needs economic recovery and our citizens need to see a brighter future. The best way to a brighter future is to get everyone back to work.

This Hero tax will be a step back, putting more workers on assistance and bringing more stress to our town. I beseech you to have the courage to do what's right for the Napa Community and vote this proposal down. Then, quickly look to develop business-friendly proposals that aid in putting our citizens back to work.

Thank you for your time.

Patrick Gaul

Owner

Napa and North Napa Grocery Outlet--

--

Patrick Gaul

Napa Grocery Outlet



www.groceryoutlet.com

From: [michael vasquez](#)
To: [Clerk](#)
Date: Tuesday, April 6, 2021 12:29:35 PM

You don't often get email from [REDACTED]

[Learn why this is important](#)

[Feedback](#)

[EXTERNAL]

I work in grocery , we do not need an extra 5 dollar. It will cut hours for many and raise prices that have been sky rocking since this all started. There are many people that need a helping hand at this point. We are lucky to be working.

From: [Sammy Barloggi](#)
To: [Clerk](#)
Subject: Hazard Pay for Grocery Workers in Napa
Date: Tuesday, April 6, 2021 12:29:38 PM

You don't often get email from [REDACTED]

[Learn why this is important](#)

[Feedback](#)

[EXTERNAL]

Hello!

My name is Sam Barloggi and I work at Safeway here in Napa.

I believe we need hazard pay because I personally ended up getting covid and I know I got it since I work here.

I was gone for 2 weeks, and very worried because I was about to move out on my own for the first time. If we would've been getting the extra pay I definitely would've felt more comfortable.

We deserve the hazard pay because we see hundreds of people per day. I wouldn't want someone that works here that gets covid now to have to go through what I did when I got it.

Thank you.

From: [Anne Marden](#)
To: [Scott Sedgley](#); [Liz Alessio](#); [Beth Painter](#); [Mary Luros](#); [Bernie Narvaez](#); [Steve Potter](#); [Clerk](#)
Subject: Hazard pay ordinance
Date: Tuesday, April 6, 2021 1:37:04 PM

You don't often get email from [REDACTED] [Learn why this is important](#)

[Feedback](#)

[EXTERNAL]

Dear City of Napa Councilmembers,

I am very concerned about the Hazard Pay Ordinance that is being decided on tonight. The City of Napa sounds like it is "going along" with what other counties are doing.

Businesses in town are struggling with all of the new laws regarding employee compensation at both the state and federal level. These new laws are becoming nearly impossible to navigate often requiring consulting an attorney each time a new requirement comes out. This ordinance will create more confusion at the local level.

Passing the proposed "Hazard Pay" ordinance would be the start of a snowball effect resulting in adding many more businesses to your list. The potential for negative outcomes or unintended consequences has not been thoroughly analyzed. This ordinance will also cause price increases that will hurt our local businesses and Napa residents as well.

Please, Napa Council Members, stay out of the political mess our state is in and allow our businesses to continue to operate. We do NOT want our hard earned tax dollars going towards the lawsuits this ordinance will create.

Thank you for your consideration.

Anne Marden

From: [roxiecomstock](#)
To: [Clerk](#)
Subject: Hazard pay
Date: Tuesday, April 6, 2021 1:49:42 PM

You don't often get email from [REDACTED]

[Learn why this is important](#)

[Feedback](#)

[EXTERNAL]

I work for Safeway st helena, we need are hazard pay back, if all other bay area stores are getting it, then we should to, its been a full year of a pandemic and people are still careless, still coming into stores without a mask , Ridulous, WE NEED ARE HAZARD PAY BACK
Thank you

Sent from Samsung Galaxy smartphone.