

February 8, 2020

The Honorable Mark Addiego  
Mayor, City of South San Francisco  
400 Grand Avenue  
South San Francisco, CA 94080



RE: Grocery Worker Premium Pay

Dear Mayor Addiego,

On behalf of South San Francisco grocers, I write to ask the Council to not move forward with the proposed grocery worker premium pay ordinance until meeting with the grocery industry to understand the community and economic impacts. Without the city's willingness to engage the grocery industry, 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 averaging an extra \$2 to \$3 along with significant discounts and complimentary groceries. All of these safety efforts and additional benefits clearly demonstrate grocers' dedication and appreciation for their employees.

Unfortunately, the Grocery Worker Premium Pay ordinance would mandate grocery stores provide additional pay beyond what is economically 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 City of Long Beach, who recently passed a similar ordinance, has already suffered the permanent loss of several full-service grocery stores as direct result.

Based on the ordinance and supporting documentation it is clear that Council is relying on flawed and inaccurate data, as well as a significant lack of information specific to the grocery industry or to grocers in Irvine to make its decision. The study referenced supporting documentation lumps a few traditional grocery companies, with most not operating in South San Francisco, in with several of the largest non-grocery retailers in existence. This study's broad view completely ignores the continued low profit margins and significant operational costs traditional grocers have incurred in response to the pandemic, including the hiring of tens of thousands of new employees. In order to help address in more detail the negative consequences of this ordinance we are submitting "Consumer and Community Impacts of Hazard Pay Mandates" for your review. We believe a full understanding of the impacts is required before moving forward.

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.

There is also significant concern with the open-ended nature of the mandate with its expiration based on the state color-tiered system based on San Mateo County COVID-19 status. Without any reliability grocers are unable to gauge potential impacts due to the variable nature of the pandemic. Without a date certain grocer would be forced to assume the most amount of impact to their operations and make judgements accordingly.

Grocery workers have demonstrated exemplary effort to keep grocery stores open for South San Francisco. This why the grocery industry has provided significant safety measures and historic levels of benefits that include additional pay and bonuses. 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 understand the impact of this ordinance on workers and the community by accepting our invitation to work cooperatively with South San Francisco 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 South San Francisco.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim James', is written over a white background.

Tim James  
California Grocers Association

CC: Members, South San Francisco City Council  
Mr. Mike Futrell, City Manager, City of South San Francisco  
Ms. Rosa Govea, City Clerk, City of South San Francisco