

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 11/2/2009

Reviewed by: BP

SUBJECT: Social and Economic Justice Commission (SEJC)
Recommendation to Adopt a Living Wage Ordinance

REPORT BY: Judy Lieberman, Assistant City Administrator

SEJC RECOMMENDATION

Approve the First Reading of Ordinance #09-016, An Ordinance of the Albany City Council Adopting Section 2-26 entitled "Living Wage Ordinance" to the Albany Municipal Code.

BACKGROUND

At the June 1, 2009 Council meeting, the SEJC presented its recommendation to the City Council to adopt a Living Wage ordinance. Council requested the City Attorney to draft an ordinance, based on the SEJC criteria. This draft ordinance was presented by the City Attorney at the June 10, 2009 meeting of the SEJC. At that time, the SEJC reviewed the ordinance, and passed the following motion:

*Moved by SEJC member Parsley to 1) recommend that Council adopt this draft ordinance as written with a change in §26.5.c from the word increase to adjust; 2) conduct a review of the ordinance and its effect and impact one year after adoption; and, 3) ask the City Council to consider including City employees among those covered by the ordinance one year after adoption. Seconded by Duncan. Marks and Kerr were in favor. **Motion approved.***

Members also agreed to ask the City Council to authorize the City Administrator to provide information on the projected cost of covering City employees under the ordinance, at such time the Commission requests it.

ANALYSIS

According to the City Attorney, this ordinance substantially follows the format of ordinances already adopted in other jurisdictions. A comparison of various surrounding cities, as well as a brief explanation of the Living Wage concept, is included as Attachment #2 to this report.

The ordinance as drafted applies to employees of City service contractors and subcontractors who enter into a service contract with the City of \$25,000 or over per fiscal

year, as well as to City financial aid recipients who receive direct assistance from the City in the amount of more than \$100,000 per fiscal year. Some examples of possibly applicable service contracts would be janitorial services, landscaping services, or food service preparation services. Financial aid recipients might include organizations that the City makes grants to, although at this time there are none. Further detail on the criteria for inclusion are listed in Section 2-26.4 of the ordinance.

The wage rate is a minimum of \$11.93 per hour including wages and health benefits paid by the employer. If no health benefits are provided, the rate is \$13.54 per hour. The amount would be adjusted annually based on the Consumer Price Index. The figure of \$11.93 came from the "Poverty in America" website which has a calculator for each county. There was a \$1.61 added per hour for health benefits. This figure was achieved by taking the average of what other cities with Living Wage Ordinances in the Bay Area were adding for health benefits. The low was Richmond at \$1.50 an hour and the high was Emeryville at \$2.50 per hour. Emeryville was left out of the calculations because no other city came close to the \$2.50 per hour. The highest city after Emeryville was Berkeley which adds \$1.73 per hour.

Waivers to the ordinance can be provided per Section 2-26.6 of the ordinance, for a variety of reasons. Exemptions also apply, such as for interns, job training, jobs which provide academic credit, owners of a business who are also employees and whose family members are employees, those subject to prevailing wages, collective bargaining, etc. (See Section 2-26.8).

The ordinance makes it unlawful to retaliate or discriminate against a person who claims a violation of the ordinance, and a person claiming violation of the ordinance may bring an action in Superior court against their employer. An employee who alleges a violation of the ordinance may report such acts to the City, and these complaints are confidential and exempt from disclosure.

The ordinance goes into effect thirty (30) days after adoption, and would apply to contracts entered into on January 1, 2010 and thereafter.

DISCUSSION

To date, as of Calendar Year 2009, twenty four (24) contracts have been directly approved by City Council. Of these, there are possibly one for landscape maintenance that might be subject to the prevailing wage criteria. Other potentially affected contracts will come up for renewal eventually, for instance, other landscape maintenance contracts, and/or the City's janitorial contract.

SUSTAINABILITY IMPACT

If adopted, it is believed that persons affected by the ordinance will receive a more suitable wage that enables them to achieve economic self-sufficiency.

FINANCIAL IMPACT

At this time it is not known what the financial impact to the City will be, but there may be some increase in contract amounts charged to the City, beginning in January 2010.

NEXT STEPS

The City will need to develop a system to track all service contracts that currently meet the criteria for Living Wage applicability. Such a system is currently not in place, but would need to be established prior to the January 1, 2010 effective date.

Attachments:

1. Ordinance #09-016, An Ordinance of the Albany City council Adopting Section 2-26 entitled "Living Wage Ordinance" to the Albany Municipal Code.
2. Living Wage Comparison Cities