REPORT TO COUNCIL
City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

CONSENT
November 13, 2007

Honorable Mayor and
Members of the City Council

Title: PFP: Ordinance Amendments: Living Wage

Location/Council District: Citywide

Recommendation: 1) Review an Ordinance amending Sections 3.58.030, 3.58.070, 3.58.110, and 3.58.120, of the Sacramento City Code relating to the Living Wage; and 2) pass for publication the Ordinance title as required by Sacramento City Charter (32c) to be adopted on November 20, 2007.

Contacts: Christopher Stewart, Procurement Services Manager, 808-6202

Presenters: Not applicable

Department: General Services

Division: Procurement Services

Organization No: 1181

Description/Analysis:

Issue: On December 9, 2003, the City Council adopted City Ordinance 2003-082, adding Chapter 3.58 to the Sacramento City Code establishing a Living Wage requirement for those companies that contract with the City of Sacramento. The intent of the Living Wage Ordinance (LWO) is to ensure that employees of businesses that contract with the City are paid a wage, which enables employees and their families to meet basic needs including health care and avoid economic hardship. The existing ordinance covered a three-year pilot period which is due to expire in December 2007. This report recommends amending the existing ordinance to continue the City's Living Wage Program. Absent the amendments, the program requirements would effectively sunset in December 2007.

The specific amendments being proposed include:

Sections 3.58.030 (A) (1) (a) (b) (c) and (2) (a) (b) and (c) are being amended because they address action related to calendar years 2004 through 2006.

Section 3.58.070 is being amended to delete references to calendar years 2004 through 2006. The amendment will also address annual wage calculations beyond 2007. In addition employer requirements related to providing information on Earned Income Credit (EIC) are expanded to all employees.

Section 3.58.110 is being amended to show the revised date in which the City Manager shall report to the City Council.

Section 3.58.120 will be amended to reflect the revised frequency for audit reports after 2007.

Policy Considerations: The intent of the Living Wage program is consistent with Mayor and City Council goals to promote and support economic vitality.

Commission/Committee Action: The recommended ordinance amendment was not heard by the Law and Legislation Committee pursuant to Chapter 13 of the Council Rules of Procedure, which states that an ordinance may bypass the Law & Legislation Committee where it is deemed urgent by the Mayor or City Manager.

Environmental Considerations: This report concerns administrative activities that will not have any significant effect on the environment, and do not constitute a "project" as defined by California Code of Regulations, Title 14, Sections 1506 9b0 (3) and 15378 (b).

Rationale for Recommendation: The existing LWO is set to expire in December 2007. In order to continue the program, it is necessary to amend the existing ordinance.

Financial Considerations: This report does not result in any financial impact to the City.

Emerging Small Business Development (ESBD): This ordinance applies to all businesses meeting the eligibility requirements described in the ordinance which does not exclude any eligible emerging business or small business enterprise.

Respectfully Submitted by: _____
for Christopher Stewart
Procurement Services Manager

Approved by: _____
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:

_____
for Ray Kerridge
City Manager

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ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

AMENDING TITLE 3 REVENUE AND FINANCE, CHAPTER 3.58 LIVING WAGE, SECTIONS 3.58.030, 3.58.070, 3.58.110, AND 3.58.120 OF THE SACRAMENTO CITY CODE

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 3.58.030 of the Sacramento City Code is amended to read as follows:

3.58.030 Living wage and health benefits.

A. Except as provided in subsection B of this section, a covered employer must pay its covered employees no less than the following rates for all hours worked for the city or while performing under a city contract:

1. If health benefits are provided to covered employees and the covered employer's contribution for the benefits is at least one dollar and fifty cents for each hour the covered employee is entitled by this chapter to a living wage, then the rates are as follows:

a. During 2007, the greater of ten dollars ($10.00) an hour or nine dollars adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/San Jose area (1982—1984=100) from January 1, 2004, through December 31, 2006.

b. For each year after 2007, the rate shall be based on the rate from the immediately preceding year adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/San Jose area (1982—1984=100) from January 1 through December 31 of the immediately preceding year.

2. If health benefits are not provided to covered employees or if health benefits are provided but the covered employer's contribution for the benefits is less than one dollar and fifty cents for each hour a covered employee is entitled by this chapter to a living wage, then the rates are as follows:

a. During 2007, the greater of eleven dollars and fifty cents ($11.50) an hour or ten dollars and fifty cents ($10.50) adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/ San Jose area (1982—1984=100) from January 1, 2004, through December 31, 2006.

b. For each year after 2007, the rate shall be based on the rate from the immediately preceding year adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/San Jose area (1982—1984=100) from January 1 through December 31 of the immediately preceding year.

3. In January of each year, the city manager shall determine the appropriate rate as practicable. Each city department that has city contracts shall give written notice of the rate so determined to the covered employers.

B. Notwithstanding subsection A of this section, the city council may waive, modify or alter the requirements of this chapter when amending a contract that has a remaining term of ten (10) years or more.

SECTION 2.

Section 3.58.070 of the Sacramento City Code is amended to read as follows:

3.58.070 Notification to covered employees.

A covered employer shall give each existing employee and (at the time of hire) each new employee a copy of the following written notification of this chapter:

This company may enter into a contract to perform services for the city of Sacramento. If you work on such a contract, then you are entitled to be paid a living wage for each hour so worked. For more information, see Chapter 3.58 of the Sacramento City Code at www.cityofsacramento.org.

The notification must be in each language spoken by ten (10) percent or more of the covered employer's workforce. A covered employer shall also inform all employees of their possible right to the federal Earned Income Credit (EIC) also known as Earned Income Tax Credit (EITC), and that it is a refundable federal income tax credit for low-income working individuals and families. For more information, see www.irs.gov. The covered employer shall make available to those employees any forms required to secure advance EIC payments from the covered employer.

SECTION 3.

Section 3.58.110 of the Sacramento City Code is amended to read as follows:

3.58.110 Annual reports.

The city manager's office shall report to the city council by April 30 of every year on the following: the effectiveness of this chapter in carrying out the purposes set forth in Section 3.58.010 and the cost to the city of compliance with this chapter.

SECTION 4.

Section 3.58.120 of the Sacramento City Code is amended to read as follows:

3.58.120 Audit report after three years.

At the end of 2007 and at the end of three years thereafter, the city manager shall prepare or cause to be prepared, a report on the costs and benefits of compliance with this chapter. The city council shall review the report at a regular city council meeting.

Adopted by the City of Sacramento City Council on by the following vote:

Ayes:

Noes:

Abstain:

Absent:

_____
Mayor Heather Fargo

Attest:

_____
Shirley Concolino, City Clerk

Passed for Publication:
Published:
Effective:

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

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3.58.030 Living wage and health benefits.

A. Except as provided in subsection B of this section, a covered employer must pay its covered employees no less than the following rates for all hours worked for the city or while performing under a city contract:

1. If health benefits are provided to covered employees and the covered employer's contribution for the benefits is at least one dollar and fifty cents for each hour the covered employee is entitled by this chapter to a living wage, then the rates are as follows:

~~a. During 2004, nine dollars an hour.~~

~~b. During 2005, the greater of nine dollars and thirty-three cents an hour or nine dollars an hour adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/San Jose area (1982—1984=100) from January 1, 2004, through December 31, 2004.~~

~~c. During 2006, the greater of nine dollars and sixty-seven cents an hour or nine dollars an hour adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/San Jose area (1982—1984=100) from January 1, 2004, through December 31, 2005.~~

~~d.~~a. During 2007, the greater of ten dollars ($10.00) an hour or nine dollars adjusted by the increase in the consumer price index for all urban consumers, San

Francisco/Oakland/San Jose area (1982—1984=100) from January 1, 2004, through December 31, 2006.

b. For each year after 2007, the rate shall be based on the rate from the immediately preceding year adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/San Jose area (1982—1984=100) from January 1 through December 31 of the immediately preceding year.

2. If health benefits are not provided to covered employees or if health benefits are provided but the covered employer's contribution for the benefits is less than one dollar and fifty cents for each hour a covered employee is entitled by this chapter to a living wage, then the rates are as follows:

~~a. During 2004, ten dollars and fifty cents ($10.50) an hour.~~

~~b. During 2005, the greater of ten dollars and eighty-seven cents ($10.87) an hour or ten dollars and fifty cents ($10.50) adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/ San Jose area (1982—1984=100) from January 1, 2004, through December 31, 2004.~~

~~c. During 2006, the greater of eleven dollars and seventeen cents ($11.17) an hour or ten dollars and fifty cents ($10.50) adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/ San Jose area (1982—1984=100) from January 1, 2004, through December 31, 2005.~~

~~d.~~a. During 2007, the greater of eleven dollars and fifty cents ($11.50) an hour or ten dollars and fifty cents ($10.50) adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/ San Jose area (1982—1984=100) from January 1, 2004, through December 31, 2006.

b. For each year after 2007, the rate shall be based on the rate from the immediately preceding year adjusted by the increase in the consumer price index for all urban consumers, San Francisco/Oakland/San Jose area (1982—1984=100) from January 1 through December 31 of the immediately preceding year.

3. ~~For each year after 2004,~~ In January of each year, the city manager shall determine the appropriate rate as practicable. Each city department that has city contracts shall give written notice of the rate so determined to the covered employers.

B. Notwithstanding subsection A of this section, the city council may waive, modify or alter the requirements of this chapter when amending a contract that has a remaining term of ten (10) years or more. ~~(Ord. 2003-082 (part))~~

SECTION 2.

Section 3.58.070 of the Sacramento City Code is amended to read as follows:

3.58.070 Notification to covered employees.

A covered employer shall give each existing employee and (at the time of hire) each new employee a copy of the following written notification of this chapter:

This company may enter into a contract to perform services for the city of Sacramento. If you work on such a contract, then you are entitled to be paid a living wage for each hour so worked. ~~In 2004, the living wage is $9.00 an hour with health benefits and $10.50 an hour without health benefits. In 2005, the living wage is at least $9.33 an hour with health benefits and $10.87 an hour without health benefits. In 2006, the living wage is at least $9.67 an hour with health benefits and $11.17 an hour without health benefits. And in 2007, the living wage is at least $10.00 an hour with health benefits and $11.50 an hour without health benefits.~~ For more information, see Chapter 3.58 of the Sacramento City Code at www.cityofsacramento.org.

The notification must be in each language spoken by ten (10) percent or more of the covered employer's workforce. A covered employer shall also inform all employees ~~who earn less than twelve dollars ($12.00) an hour of their possible right to the federal Earned Income Credit (EIC) and shall make available to those employees any forms required to secure advance EIC payments from the covered employer. (Ord. 2003-082 (part))~~ of their possible right to the federal Earned Income Credit (EIC) also known as Earned Income Tax Credit (EITC), and that it is a refundable federal income tax credit for low-income working individuals and families. For more information, see www.irs.gov. The covered employer shall make available to those employees any forms required to secure advance EIC payments from the covered employer.

SECTION 3.

Section 3.58.110 of the Sacramento City Code is amended to read as follows:

3.58.110 Annual reports.

~~Beginning in 2005,~~ ~~t~~ The city manager's office shall report to the city council on the following ~~by March 1~~ April 30 of every year: the effectiveness of this chapter in carrying out the purposes set forth in Section 3.58.010~~;~~ and the cost to the city of compliance with this chapter. ~~; and, beginning in 2006, recommendations for increases or decreases in the rates prescribed by Section 3.58.030. (Ord. 2003-082 (part))~~

SECTION 4.

Section 3.58.120 of the Sacramento City Code is amended to read as follows:

3.58.120 Audit report ~~after~~ every three years.

At the end of 2007 and at the end of every three years thereafter, the city manager shall prepare or cause to be prepared, ~~of operation,~~ ,a report on the costs and benefits of compliance with this chapter. The city council shall review the report at a regular city council meeting. ~~(Ord. 2003-082 (part))~~