



Office of the City Manager

CONSENT CALENDAR

July 15, 2003

To: Honorable Mayor and  
Members of the City Council

From: Weldon Rucker, City Manager

Subject: Amendment to Living Wage Ordinance to Provide for Automatic Cost of Living Annual Adjustments and Adopt a Resolution Increasing the Living Wage Rate Effective July 16, 2003.

RECOMMENDATION

1) Adopt first reading of an Ordinance amending Berkeley Municipal Code Section 13.27.050.A and D to provide that the living wage be adjusted automatically effective June 30<sup>th</sup> of each year commensurate with the corresponding increase in the Consumer Price Index published in April of each year; and 2) adopt a Resolution to increase the living wage from \$9.75 to \$10.76 (if medical benefits are provided) or \$11.37 to \$12.55 (if medical benefits are not provided) effective July 16, 2003.

FISCAL IMPACTS OF RECOMMENDATION

At the adoption of the Living Wage Ordinance ("Ordinance") in July 2000, \$500,000 was set aside for the implementation and administration of this program on an annual basis. A portion of this money, approximately \$170,000, was used to help offset the impact of community agencies being required to pay its employees the living wage rate. We anticipate community agencies will need approximately \$15,000-\$17,000 in additional funding to pay the higher wage rate and remain in compliance with the ordinance. While the \$500,000 annual allocation has been reduced due to budget considerations, the additional funding community agencies will need is available and already included in the budget as a recurring expenditure.

For-profit vendors are expected to absorb the costs of the increase in the living wage and thus staff expects that there will be no impact to the FY 2004 and FY 2005 budget other than the impacts described above.

CURRENT SITUATION AND ITS EFFECTS

The Ordinance currently requires the payment of \$9.75 if medical benefits are provided or \$11.37 if medical benefits are not included.

BACKGROUND

The Ordinance requires the hourly living wage rate to be adjusted by Council resolution commensurate with the increases in the Consumer Price Index for all urban consumers published by the US Bureau of Labor Statistics Data. By adopting the attached resolution to increase the living wage from \$9.75 to \$10.76 (if medical benefits are provided) or \$11.37 to \$12.55 (if medical benefits are not provided), the living wage will be commensurate with the corresponding increases to the Consumer Price Index. Because the adjustments to the living wage are specifically provided for in the Ordinance, it should be adjusted automatically rather than by Council resolution. Thus staff recommends that the Ordinance be amended to provide for automatic adjustments.

RATIONALE FOR RECOMMENDATION

Staff recommends amending the ordinance to make the annual adjustment automatically utilizing the procedure set forth in the ordinance, as the adjustment is an administrative function rather than one that requires Council consideration.

CONTACT PERSON

Phil Kamlarz, Deputy City Manager, 981-7000  
Manuela Albuquerque, City Attorney, 981-6950  
Lisa Malek-Zadeh, Assistant Management Analyst, 981-7303

Approved:

  
\_\_\_\_\_  
Phil Kamlarz, City Manager's Office

RESOLUTION NO. -N.S.

AUTHORIZING AN INCREASE TO THE LIVING WAGE RATE FROM \$9.75 TO \$10.76 (IF MEDICAL BENEFITS ARE PROVIDED) OR \$11.37 TO \$12.55 (IF MEDICAL BENEFITS ARE NOT PROVIDED) EFFECTIVE JULY 16, 2003

WHEREAS, section 13.27.050A of the Living Wage Ordinance provides for the payment of \$9.75 to employees if medical benefits of at least \$1.62 is paid by the employer or \$11.37 if medical benefits are not paid by the employer; and

WHEREAS, section 13.27.050A provides that Council may adjust or modify the hourly wage rate; and

WHEREAS, section 13.27.050D provides that the wage rates shall be adjusted to reflect increases in the Consumer Price Index for all urban consumers in the San Francisco-Oakland area, as published by the U.S. Department of Labor, Bureau of Labor Statistics; and

WHEREAS, adjusting the wage rates to be commensurate with the corresponding increases to the Consumer Price Index for the years 2000 to 2002 would increase the living wage rate from \$9.75 to \$10.76 (if medical benefits are provided) or \$11.37 to \$12.55 (if medical benefits are not provided).

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Living Wage will be increased from \$9.75 to \$10.76 (if medical benefits are provided) or \$11.37 to \$12.55 (if medical benefits are not provided) effective July 16, 2003.

ORDINANCE NO. –N.S.

AMENDING BERKELEY MUNICIPAL CODE SECTION 13.27.050 TO PROVIDE FOR  
AUTOMATIC COST OF LIVING ANNUAL ADJUSTMENTS TO THE LIVING WAGE  
RATE

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. That subsections A and D of Berkeley Municipal Code Section 13.27.050 are hereby amended as follows:

**13.27.050 Compensation required to be paid to specified employees**

A. Wages. If the employer pays at least \$1.62 per hour per employee towards an employee medical benefits plan, which allows the employees to receive employer-compensated care from a licensed physician, the employer shall pay employees an hourly wage of not less than \$9.75. If the employer does not provide the employees with such a medical benefit plan, the employer shall pay employees an hourly wage of not less than \$11.37. The hourly wage rate required by this section will be adjusted automatically or modified annually pursuant to subsection D.

D. The wage rates required in subsection A shall be adjusted annually, effective June 30, to reflect increases during the preceding year in the Consumer Price Index for all urban consumers in the San Francisco-Oakland area, as published in April of each year by the U.S. Department of Labor, Bureau of Labor Statistics.

Section 2. Copies of this Ordinance shall be posted for two days prior to adoption in the display case located near the walkway in front of Old City Hall, 2134 Martin Luther King, Jr. Way. Within 15 days of adoption, copies of this Ordinance shall be filed at each branch of the Berkeley Public Library and the title shall be published in a newspaper of general circulation.

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D. The wage rates required in subsection A shall be adjusted annually, effective June 30, to reflect increases during the preceding year in the Consumer Price Index for all urban consumers in the San Francisco-Oakland area, as published in April of each year by the U.S. Department of Labor, Bureau of Labor Statistics.

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