



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: June 18, 2019
TO: Christine Daniel, City Manager
FROM: Lisa Lopez, Human Resources Director
SUBJECT: **Resolution of The City Council of The City Of Emeryville Adopting The 2019 – 2020 Living Wage Rate Pursuant To The City Of Emeryville’s Living Wage Ordinance (Chapter 31 Of Title 5 Of The Emeryville Municipal Code)**

RECOMMENDATION

Staff recommends that the City Council adopt the attached resolution establishing the 2019 – 2020 Living Wage rate, pursuant to the City of Emeryville’s Living Wage Ordinance (Chapter 31 of Title 5 of the Emeryville Municipal Code).

BACKGROUND

The City’s Living Wage Ordinance was adopted in November 2006, and is found in Chapter 31 of Title 5 of the Emeryville Municipal Code. “Living Wage” is an hourly wage level that is higher than the Federal or State minimum wage, and historically has been higher than the rate established in the City’s Minimum Wage Ordinance. The City of Emeryville’s Living Wage Ordinance (LWO) applies to City service contractors, subcontractors, and employees and contractors who are recipients of City financial assistance. The LWO requires that those employers pay covered employees a wage of no less than the Living Wage as set forth by the ordinance.

Pursuant to the LWO, the Living Wage rate can be no less than \$12.00 per hour (including wages and health benefits), adjusted annually on July 1st of each year to reflect the 12-month average in the Consumer Price Index for All Urban Consumers (CPI-U) in the San Francisco-Oakland-San Jose Metropolitan Statistical Areas (MSA) for the preceding year from March to February, for which the increase may not exceed 3 percent in any one year. The annual Living Wage rate is adopted by City Council resolution. The Fiscal Year 2018-2019 Living Wage was \$15.73 per hour.

DISCUSSION

Living Wage Increase Calculation

To calculate the percentage used to increase the rate, staff reviewed the CPI-U for San Francisco-Oakland-Hayward MSA, for the preceding period [**Note:** In January 2018, the Bureau of Labor Statistics (BLS) introduced a new geographic area for the Consumer Price Index (CPI) and the San Francisco-Oakland-San Jose CPI-U is now the San Francisco-Oakland-Hayward CPI-U]. Computing the 12-month average of the six indexes for the period March 2018 to February 2019, resulted in a 12-month average of 3.97%

(see below). However, as noted above, the Living Wage Ordinance provides that increases may not exceed 3%. Thus, the proposed percentage change is the maximum rate of 3%.

Reporting Months	Percent Change
April 2018	3.2%
June 2018	3.9%
August 2018	4.3%
October 2018	4.4%
December 2018	4.5%
February 2019	<u>3.5%</u>
TOTAL	23.8%

Average % Change $(23.8 \div 6) = 3.97\%$

The Living Wage rate for 2018- 2019 was \$15.73. Applying the maximum allowable 3.0% increase to the Fiscal Year 2018/2019 Living Wage rate of \$15.73, results in a Fiscal Year 2019/2020 Living Wage rate of **\$16.20 per hour**.

Living Wage and Minimum Wage Interaction

This year for the first time, the Living Wage Rate (\$16.20) will be lower than the Emeryville Minimum Wage Rate (\$16.30). (The Living Wage Rate includes both wages and health benefits whereas the Minimum Wage Rate only includes wages.) Employers who are subject to the Living Wage Ordinance, as a result of contracting with the City, must also comply with the City's Minimum Wage Ordinance (MWO) and thus pay the higher wage rate if they are:

- (1) located within Emeryville's jurisdiction and thus otherwise subject to the MWO;
or
- (2) located outside of Emeryville but have staff working within the city of Emeryville on City contracted work, which staff would be covered by the MWO.

Employers who contract with the City and are both located outside of Emeryville and perform all of their services outside of Emeryville, are subject only to the Living Wage Ordinance. As noted above, the Living Wage rate applies only to parties who do business with the City (for profit service contracts of \$25,000 or more) or receive financial assistance from the City (i.e., grants, loans, loan guarantees, in-kind services, waivers of City fees, real property or other valuable consideration in the amount of more than \$100,000 within the City's fiscal year).

Staff will provide additional information to City contractors about both the Living Wage and the Minimum Wage so they are aware of the different wage rates potentially applicable to their employees.

FISCAL IMPACT

There are no fiscal impacts to the City Budget as the Minimum Wage Rate exceeds the Living Wage Rate and City employees are covered by the MWO.

STAFF COMMUNICATION WITH THE PUBLIC

Information on the new Living Wage Rate was posted on the City Website

CONCLUSION

Staff recommends that the City Council adopt the resolution which sets the Fiscal Year 2019/20 Living Wage Rate at \$16.20 per hour, pursuant to the City of Emeryville Living Wage Ordinance (Chapter 31 of Title 5 of the Emeryville Municipal Code).

PREPARED BY: Lisa Lopez, Director of Human Resources
Lori Elefant, Management Analyst

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Christine Daniel, City Manager

ATTACHMENTS

- Draft Resolution