

RESOLUTION NO. NS-25,123

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ ESTABLISHING A LIVING WAGE SCALE EFFECTIVE THROUGH JUNE 30, 2001

WHEREAS, the City Council finally adopted Ordinance No. 2000-25 on October 24, 2000; and

WHEREAS, the living wage ordinance, at Section 5.10.030 requires the payment of a living wage to all "employees" as that term is defined in the ordinance; and

WHEREAS, Section 5.10.040 requires the City Council on an annual basis to consider a recommendation, no later than its second meeting in February of each year, and to prescribe by resolution, no later than July 1st of each year, the minimum living wage to be paid to employees pursuant to the requirements of the ordinance; and

WHEREAS, Section 5.10.040 requires the City Council to provide alternate minimum living wage scales depending upon whether employees will or will not receive sick leave benefits, vacation leave benefits and health insurance benefits in minimum amounts to be specified in the resolution.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz as follows:

1. The minimum living wage to be paid to employees when said employees receive the minimum sick leave, vacation leave and health insurance benefits prescribed in Paragraph 3 of this resolution shall be \$11.00 (Eleven Dollars) per hour.
2. The minimum living wage to be provided to employees where the employees do not receive the minimum sick leave, vacation leave and health insurance benefits prescribed in Paragraph 3 of this resolution shall be \$12.00 (Twelve Dollars) per hour.
3. The minimum sick leave, vacation leave and health insurance benefits which must be provided to employees and City employees in order to qualify for the \$11.00 (Eleven Dollars) per hour minimum living wage prescribed in Paragraph 1 of this resolution shall be as follows:
 - A. Compensated sick leave/vacation leave—a combined twelve (12) days annually for full-time employees and prorated for employees working less than full time.
 - B. Uncompensated sick leave/vacation leave—a combined ten (10) days annually for full-time employees and prorated for employees working less than full time.

Post-it® Fax Note	7671	Date	11/16/00	# of pages	2
To	GILBERT	From	PATTY HAYMOND		
Co./Dept.		Co.	CITY OF SANTA CRUZ		

RESOLUTION NO. NS-25,123

C. Health insurance benefits—the payment of a least \$1.00 (One Dollar) per hour towards the payment for a health insurance policy for the employee.

PASSED AND ADOPTED this 24th day of October, 2000, by the following vote:

AYES: Councilmembers: Fitzmaurice, Beiers, Rotkin, Hernandez, Krohn; Mayor Sugar.

NOES: Councilmembers: None.

ABSENT: Councilmembers: None.

DISQUALIFIED: Councilmembers: Mathews.

APPROVED: _____ Mayor

ATTEST: _____
City Clerk

Ver 1

ORDINANCE NO. 2000-25

AN ORDINANCE OF THE CITY OF SANTA CRUZ
ADDING CHAPTER 5.10 TO THE SANTA CRUZ MUNICIPAL CODE
PERTAINING TO THE PAYMENT OF A LIVING WAGE

BE IT ORDAINED By The City Of Santa Cruz As Follows:

Section 1. Chapter 5.10 is hereby added to the Santa Cruz Municipal Code to read as follows:

"Chapter 5.10

Sections:

5.10.010 Findings and Purpose.

5.10.020 Definitions.

5.10.030 Living Wage Requirement.

5.10.040 Prescription of Minimum Living Wage.

5.10.050 Assignees/Successors in Interest.

5.10.060 Application of Chapter.

5.10.070 Prevailing Wage Jobs.

5.10.080 Represented Employees.

5.10.090 Employee Retention.

5.10.100 Labor Peace – Retaliation, Discrimination and Intimidation Prohibited.

5.10.110 Labor Relation Neutrality.

5.10.120 Notification.

5.10.130 Exemptions.

5.10.140 Enforcement and Remedies -- Employee

5.10.150 Enforcement and Remedies -- City

Section 5.10.010 Findings and Purpose. In enacting this Chapter the City Council makes the following findings and articulates the following purposes for the promulgation of the living wage regulations set forth herein:

1. The health and welfare of all Santa Cruz citizens is benefited and advanced when Santa Cruz workers are paid a wage which enables them to live above the poverty line;
2. The City awards many contracts to private sector employers to provide goods and services to the City in accordance with those contracts;
3. Many workers in Santa Cruz and their families live at or below the poverty line. The payment of inadequate wages to those workers tends to negatively affect the quality of services provided to the City and its residents by fostering high turnover and instability in the workplace;
4. The use of City funds to promote the creation of a living wage will increase the ability of low wage workers to attain sustenance, decrease the amount of poverty and reduce the amount of taxpayer funded social services provided in the City of Santa Cruz;
5. Some employers which provide contract services to the City do not provide health insurance benefits to their employees. This factor negatively affects worker performance and the quality of services delivered to the City and its residents, results in unwarranted employee absenteeism and negatively impacts local and State health programs. These problems can be ameliorated if employers provide reasonable health insurance benefits to their employees;
6. City regulations requiring the payment of a living wage are consistent with other City regulations such as the City's prevailing wage regulations designed to address the economic needs of low wage workers in the City;
7. The expenditure of public funds for the procurement and provision of services is conducted most responsibly when the expenditure promotes a community economic standard intended to assure that City workers, including single parents, and their families can subsist above the poverty line; and
8. The use of City funds to encourage living wage jobs will decrease poverty, increase consumer income and invigorate neighborhood businesses.
9. The living wage requirement shall apply to social service agencies receiving \$5,000 or more in annual support from the City of Santa Cruz. However, this requirement shall not take effect until the City Council amends this ordinance and/or passes a policy resolution clarifying how the ordinance will be applied to such agencies.

Section 5.10.020 Definitions. The following words and phrases, whenever used in this Chapter, shall be given the following definitions:

1. Contract for Services. "Contract for services" shall refer to any contract between the City and a contractor with a value of \$10,000 (Ten Thousand Dollars) or more pursuant to which the contractor agrees to deliver services directly to the City. "Contracts for services" include, but are not limited to, contracts awarded by the City to private sector employers for the following services:

Automotive repair and maintenance

Facility and building maintenance

Janitorial and custodial services

Health services

Human care services

Landscaping services

Laundry services

Office and clerical services

Parking lot management

Pest control

Recreation services

Resident and day shelter services

Security services

Shuttle transportation

Street and sidewalk cleaning

Towing

Any other service determined by the City as meeting the intent of this ordinance.

"Contract for services" shall not refer to any contract entered into by the City for the provision of goods, supplies or materials to the City nor shall it refer to any contract entered into between the City and a 501(c)(3) non-profit corporation.

2. Contractor for Services. "Contractor for services" shall refer to any private sector contractor/employer who enters into a contract for services with the City. However, this term shall not refer to contractors with five or fewer employees who have been in business for less than one year on the date of bid opening nor shall it refer to 501(c)(3) non-profit corporations.
3. Subcontractor. "Subcontractor" shall refer to any subcontractor who enters into a subcontract with a contractor for services in connection with the contractor's contractual obligation to provide services directly to the City. However, this term shall not refer to subcontractors with five or fewer employees who have been in business for less than one year on the date of bid opening nor shall it refer to 501(c)(3) non-profit corporations.
4. Employee. "Employee" shall refer to any employee of a contractor for services, or to any employee of a subcontractor, while employed in providing services to the City pursuant to a contract for services or a related subcontract. In the foregoing context, "employees" are persons hired by contractors or subcontractors to work on a full-time, part-time, temporary or regular basis for wages or salary. "Employee" shall not refer to persons who are 17 years old or younger or to persons in positions that are designated for "trainees" or are otherwise part of an employer's training program. Nor shall "employee" refer to persons who are in positions of

employment that require student status as a prerequisite to being employed in that position.

5.10.030 Living Wage Requirement. All employees shall be paid a living wage.

5.10.040 Prescription of Minimum Living Wage.

1. The minimum living wage to be paid to employees pursuant to the requirements of this Chapter shall be prescribed annually by the City Council pursuant to resolution. The City Council shall consider a recommendation regarding adjustments to the wage rate and benefits no later than its first regularly scheduled meeting in February of each year, and shall adopt a resolution to be effective on July 1st of each year.
2. The resolution shall prescribe a minimum living wage to be paid where the employer provides minimum vacation leave, sick leave and health insurance benefits for its employees and an alternate higher minimum living wage to be paid where the employer does not provide each of those minimum benefits for its employees.
3. The minimum vacation leave and sick leave that must be provided and the minimum amount paid toward health insurance to qualify for the lower minimum living wage shall be prescribed in the annual resolution.
4. At a minimum, the prescribed minimum living wages shall be upwardly indexed each year by an amount which corresponds to the cost of living increase as measured by the San Francisco-Oakland-San Jose area Consumer Price Index.
5. Where an employer intends to pay the minimum living wage applicable to employers who provide the requisite sick leave, vacation leave and health insurance benefits, proof of the requisite benefit package must be submitted to the City within ten (10) days of the award of the contract for services or related subcontract which creates the living wage requirement.

5.10.050 Assignees/Successors in Interest. The living wage requirement imposed by this Chapter shall be binding upon the assignees and successors in interest of any contract for services or related subcontract to which this Chapter applies.

5.10.060 Application of Chapter. The living wage requirement imposed by this Chapter shall apply to all contracts for services and related subcontracts made or entered into on or after the effective date of the ordinance enacting this Chapter.

5.10.070 Prevailing Wage Jobs. Where pursuant to a contract for services, a contractor or subcontractor incurs a contractual obligation to pay its employees prevailing wages, the contractor or subcontractor shall pay its employees at the contractually prescribed prevailing wage rate provided that the prevailing wage is higher than the minimum living wage payable pursuant to this Chapter. The City's standard contract specification relative to the payment of prevailing wages shall stipulate that in no case shall the prevailing wage paid pursuant to that contract specification be less than the minimum living wage paid pursuant to this Chapter.

5.10.080 Represented Employees. Where employees are represented by a bargaining unit or labor union pursuant to rights conferred by State or Federal law and a collective bargaining labor agreement is in effect governing the terms and conditions of employment for those employees, this Chapter shall not apply to those employees, and the collective bargaining labor agreement shall control.

5.10.090 Employee Retention.

1. In the event that any contract for services for an amount greater than \$50,000 (Fifty Thousand Dollars) is terminated by the City prior to its expiration, any new contract with a subsequent contractor for those same services shall provide for the employment of the predecessor employer's retention employees as provided in this section.
2. A "retention employee" is an employee of a predecessor employer:
 - a. Who is not an exempt employee under the minimum wage and maximum hour exemptions defined in the Federal Fair Labor Standards Act;
 - b. Who is not a family member of the predecessor employer;
 - c. Who has been employed by the predecessor employer for at least six months prior to the date of the new successor contract; and
 - d. Who is or will be terminated from his or her employment as a result of the City entering into the successor contract.
3. Subsequent employers shall offer employment to all retention employees who are qualified for such jobs.
4. A subsequent employer is not required to hire a retention employee who has been convicted of a job-related or workplace crime.
5. A subsequent employer may not terminate a retention employee for the first ninety (90) days of employment under a successor contract, except for cause. Thereafter, a subsequent employer may terminate a retention employee upon the same terms and conditions as the subsequent employer's other employees may be terminated.

5.10.100 Labor Peace – Retaliation, Discrimination and Intimidation Prohibited. Contractors for services or subcontractors shall not discharge, reduce the compensation of, discriminate or otherwise retaliate against or intimidate any employee for making a complaint to the City, or for participating in any legal or administrative proceedings or using any civil remedies to enforce his or her rights conferred by this chapter or for otherwise asserting his or her rights under this Chapter. Contractors for services and subcontractors shall also comply with federal, state and all other applicable law proscribing retaliation for union organizing.

5.10.110 Labor Relation Neutrality. Contractors for services and subcontractors shall not hinder or further collective bargaining organization or other collective bargaining activities by or on behalf of an employer's employees. However, this restriction shall not apply to any expenditure made in the course of good faith collective bargaining, or to any expenditure made pursuant to obligations incurred under a bona fide collective bargaining agreement.

5.10.120 Notification of Employees. Contractors for services and subcontractors shall notify all employees subject to the provisions of this chapter of the requirement to pay a living wage, the current minimum living wage rates, and the minimum vacation leave and sick leave that must be provided and the minimum amount paid toward health insurance to qualify for the lower minimum living wage rate.

5.10.130 Exemptions. The City Council may grant an exemption to the requirements of this chapter upon making a finding and determination either that compliance with the living wage will cause economic hardship, or that the exemption is necessary for the best interests of the City and is due to unusual circumstances (e.g., following a declared natural disaster or where the City is required to award a contract for services to a sole source contractor for services).

5.10.140 Enforcement and Remedies -- Employee.

1. An employee claiming violation of this Chapter may report such acts to the City.
 - a. The City Manager shall establish a procedure for receiving and investigating such complaints and take appropriate enforcement action;
 - b. Any complaints received shall be treated as confidential matters to the extent permitted by law. Any complaints received and all investigation documents related thereto shall be deemed exempt from disclosure to the extent permissible under California Government Code Sections 6254 and 6255.
2. An employee claiming violation of this Chapter may bring an action in the Municipal Court or Superior Court of the State of California, or other administrative agency, as appropriate, against an employer to enforce his or her rights conferred by this Chapter. In any such action the employee may seek any or all of the following relief and damages:
 - a. For failure to pay the living wage, back pay for each day during which the violation continued;
 - b. For any violation of this Chapter, including retaliation for exercising rights provided by this Chapter, an award or any appropriate remedy at law or equity including, but not limited to, reinstatement, compensatory damages and punitive damages;
3. The Court shall award reasonable attorney's fees and costs to an employee who prevails in any such enforcement action;
4. No employee remedy set forth in this section is intended to be exclusive or a prerequisite to asserting a claim for relief to enforce any rights hereunder in a court of law. Nor shall this section be construed to limit an employee's right to bring a common law cause of action for wrongful termination;
5. This section shall not excuse an employee from complying with any applicable administrative procedure or procedures delineated in the California Tort Claims Act which may be required as a prerequisite to commencing legal action in a court of law.

5.10.150 Enforcement and Remedies -- City.

1. The City department head responsible for administering a contract for services may take any of the following enforcement actions in accordance with instructions issued by the City Manager:
 - a. Assess liquidated damages as provided for in the contract for services;

- b. Pursue any other remedies prescribed by law or by the contract for services for breach of the contract;
- c. Recommend to the City Council that the contract for services be terminated;
- d. Recommend to the City Council that a contractor for services be barred from an award of future contracts for services in accordance with the provisions of Chapter 3.09 of this Code pertaining to non-responsible contractors;

2. In connection with any enforcement action undertaken by the City which establishes a violation of this Chapter, the City shall be entitled to recover from the violator all of its enforcement costs including any investigation costs, litigation costs and attorney fees."

Section 2. Severability. If any section, subdivision, paragraph, sentence, clause or phrase of this ordinance is for any reason held to be unconstitutional or invalid, such a decision shall not affect the validity of the remaining portion of the ordinance. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance irrespective of the unconstitutionality or invalidity of any section, subdivision, subsection, paragraph, sentence, clause or phrase of this ordinance.

Section 3. This ordinance shall take effect and be in force thirty (30) days after its final adoption.

PASSED FOR PUBLICATION this 10th day of October, 2000 by the following vote:

AYES: Councilmember:
Fitzmaurice, Beiers,
Rotkin, Hernandez,
Krohn;

Mayor Sugar.

NOES: Councilmember:
None.

ABSENT:
Councilmember: None.

DISQUALIFIED: Councilmember: Mathews.

AP.

Mayor

ATTEST: _____

City Clerk

PASSED FOR FINAL ADOPTION this _____ day of _____, 2000 by the following vote:

AYES: Councilmember:

NOES: Councilmember:

ABSENT:
Councilmember:

DISQUALIFIED: Councilmember:

AP
—

Mayor

ATTEST: _____

City Clerk

This is to certify that the above
and foregoing document is the
original of Ordinance No. 2000-25
and that it has been published or
posted in accordance with the
Charter of the City of Santa Cruz.

City Clerk

Ver. 2

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ORDINANCE NO. 2000-25

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6. City regulations requiring the payment of a living wage are consistent with other City regulations such as the City's prevailing wage regulations designed to address the economic needs of low wage workers in the City;
7. The expenditure of public funds for the procurement and provision of services is conducted most responsibly when the expenditure promotes a community economic standard intended to assure that City workers, including single parents, and their families can subsist above the poverty line; and
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2. The resolution shall prescribe a minimum living wage to be paid where the employer provides minimum vacation leave, sick leave and health insurance benefits for its employees and an alternate higher minimum living wage to be paid where the employer does not provide each of those minimum benefits for its employees.
3. The minimum vacation leave and sick leave that must be provided and the minimum amount paid toward health insurance to qualify for the lower minimum living wage shall be prescribed in the annual resolution.
4. At a minimum, the prescribed minimum living wages shall be upwardly indexed each year by an amount which corresponds to the cost of living increase as measured by the San Francisco-Oakland-San Jose area Consumer Price Index.
5. Where an employer intends to pay the minimum living wage applicable to employers who provide the requisite sick leave, vacation leave and health insurance benefits, proof of the requisite benefit package must be submitted to the City within ten (10) days of the award of the contract for services or related subcontract which creates the living wage requirement.

5.10.050 Assignees/Successors in Interest. The living wage requirement imposed by this Chapter shall be binding upon the assignees and successors in interest of any contract for services or related subcontract to which this Chapter applies.

5.10.060 Application of Chapter. The living wage requirement imposed by this Chapter shall apply to all contracts for services and related subcontracts made or entered into on or after the effective date of the ordinance enacting this Chapter.

5.10.070 Prevailing Wage Jobs. Where pursuant to a contract for services, a contractor or subcontractor incurs a contractual obligation to pay its employees prevailing wages, the contractor or subcontractor shall pay its employees at the contractually prescribed prevailing wage rate provided that the prevailing wage is higher than the minimum living wage payable pursuant to this Chapter. The City's standard contract specification relative to the payment of prevailing wages shall stipulate that in no case shall the prevailing wage paid pursuant to that contract specification be less than the minimum living wage paid pursuant to this Chapter.

5.10.080 Represented Employees. Where employees are represented by a bargaining unit or labor union pursuant to rights conferred by State or Federal law and a collective bargaining labor agreement is in effect governing the terms and conditions of employment for those employees, this

Chapter shall not apply to those employees, and the collective bargaining labor agreement shall control.

5.10.090 Employee Retention.

1. In the event that any contract for services for an amount greater than \$50,000 (Fifty Thousand Dollars) is terminated by the City prior to its expiration, any new contract with a subsequent contractor for those same services shall provide for the employment of the predecessor employer's retention employees as provided in this section.
2. A "retention employee" is an employee of a predecessor employer:
 - a. Who is not an exempt employee under the minimum wage and maximum hour exemptions defined in the Federal Fair Labor Standards Act;
 - b. Who is not a family member of the predecessor employer;
 - c. Who has been employed by the predecessor employer for at least six months prior to the date of the new successor contract; and
 - d. Who is or will be terminated from his or her employment as a result of the City entering into the successor contract.
3. Subsequent employers shall offer employment to all retention employees who are qualified for such jobs.
4. A subsequent employer is not required to hire a retention employee who has been convicted of a job-related or workplace crime.
5. A subsequent employer may not terminate a retention employee for the first ninety (90) days of employment under a successor contract, except for cause. Thereafter, a subsequent employer may terminate a retention employee upon the same terms and conditions as the subsequent employer's other employees may be terminated.

5.10.100 Labor Peace – Retaliation, Discrimination and Intimidation Prohibited. Contractors for services or subcontractors shall not discharge, reduce the compensation of, discriminate or otherwise retaliate against or intimidate any employee for making a complaint to the City, or for participating in any legal or administrative proceedings or using any civil remedies to enforce his or her rights conferred by this chapter or for otherwise asserting his or her rights under this Chapter. Contractors for services and subcontractors shall also comply with federal, state and all other applicable law proscribing retaliation for union organizing.

5.10.110 Labor Relation Neutrality. Contractors for services and subcontractors shall not hinder or further collective bargaining organization or other collective bargaining activities by or on behalf of an employer's employees. However, this restriction shall not apply to any expenditure made in the course of good faith collective bargaining, or to any expenditure made pursuant to obligations incurred under a bona fide collective bargaining agreement.

5.10.120 Notification of Employees. Contractors for services and subcontractors shall notify all employees subject to the provisions of this chapter of the requirement to pay a living wage, the current minimum living wage rates, and the minimum vacation leave and sick leave that must be provided and the minimum amount paid toward health insurance to qualify for the lower minimum

living wage rate.

5.10.130 Exemptions. The City Council may grant an exemption to the requirements of this chapter upon making a finding and determination either that compliance with the living wage will cause economic hardship, or that the exemption is necessary for the best interests of the City and is due to unusual circumstances (e.g., following a declared natural disaster or where the City is required to award a contract for services to a sole source contractor for services).

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1. An employee claiming violation of this Chapter may report such acts to the City.
 - a. The City Manager shall establish a procedure for receiving and investigating such complaints and take appropriate enforcement action;
 - b. Any complaints received shall be treated as confidential matters to the extent permitted by law. Any complaints received and all investigation documents related thereto shall be deemed exempt from disclosure to the extent permissible under California Government Code Sections 6254 and 6255.
2. An employee claiming violation of this Chapter may bring an action in the Municipal Court or Superior Court of the State of California, or other administrative agency, as appropriate, against an employer to enforce his or her rights conferred by this Chapter. In any such action the employee may seek any or all of the following relief and damages:
 - a. For failure to pay the living wage, back pay for each day during which the violation continued;
 - b. For any violation of this Chapter, including retaliation for exercising rights provided by this Chapter, an award or any appropriate remedy at law or equity including, but not limited to, reinstatement, compensatory damages and punitive damages;
3. The Court shall award reasonable attorney's fees and costs to an employee who prevails in any such enforcement action;
4. No employee remedy set forth in this section is intended to be exclusive or a prerequisite to asserting a claim for relief to enforce any rights hereunder in a court of law. Nor shall this section be construed to limit an employee's right to bring a common law cause of action for wrongful termination;
5. This section shall not excuse an employee from complying with any applicable administrative procedure or procedures delineated in the California Tort Claims Act which may be required as a prerequisite to commencing legal action in a court of law.

5.10.150 Enforcement and Remedies -- City.

1. The City department head responsible for administering a contract for services may take any of the following enforcement actions in accordance with instructions issued by the City Manager:

- a. Assess liquidated damages as provided for in the contract for services;
- b. Pursue any other remedies prescribed by law or by the contract for services for breach of the contract;
- c. Recommend to the City Council that the contract for services be terminated;
- d. Recommend to the City Council that a contractor for services be barred from an award of future contracts for services in accordance with the provisions of Chapter 3.09 of this Code pertaining to non-responsible contractors;

2. In connection with any enforcement action undertaken by the City which establishes a violation of this Chapter, the City shall be entitled to recover from the violator all of its enforcement costs including any investigation costs, litigation costs and attorney fees."

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Section 3. This ordinance shall take effect and be in force thirty (30) days after its final adoption.

PASSED FOR PUBLICATION this 10th day of October, 2000 by the following vote:

AYES: Councilmember:
Fitzmaurice, Beiers,
Rotkin, Hernandez,
Krohn;

Mayor Sugar.

NOES: Councilmember:
None.

ABSENT:
Councilmember: None.

DISQUALIFIED: Councilmember: Mathews.

AP

Mayor

ATTEST: _____

City Clerk

PASSED FOR FINAL ADOPTION this _____ day of _____, 2000 by the following vote:

AYES: Councilmember:

NOES: Councilmember:

ABSENT:
Councilmember:

DISQUALIFIED: Councilmember:

AP.

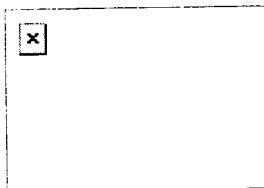
Mayor

ATTEST: _____

City Clerk

This is to certify that the above and foregoing document is the original of Ordinance No. 2000-25 and that it has been published or posted in accordance with the Charter of the City of Santa Cruz.

City Clerk



CITY COUNCIL

AGENDA REPORT

DATE: October 18, 2000

AGENDA OF: October 24, 2000

DEPARTMENT: City Manager

SUBJECT: LIVING WAGE

RECOMMENDATION: That the City Council:

- 1) adopt an ordinance pertaining to the payment of a living wage;
- 2) adopt a resolution establishing the living wage rates and benefits;
3. adopt a resolution modifying the compensation plan to adjust the pay rates for the facility attendant classification;
4. adopt a resolution approving the formation of a Living Wage Advisory Committee;
5. adopt a resolution modifying the Fiscal Year 2000-01 budget to add new positions required to provide staff support; and
6. adopt a resolution transferring funds and amending the Fiscal Year 2000-2001 budget in the amount of \$49,154 to for the purpose of funding new positions.

BACKGROUND: On October 10th, the City Council approved for publication two versions of an ordinance pertaining to the payment of a living wage (Attachments 1 and 2). One version includes non-profit service contractors, and the other does not. The Council also directed staff to return with additional information regarding non-profit contractors, financial assistance recipients other than social services program providers, and how the living wage policy would apply to Redevelopment Agency contracts.

DISCUSSION:

Non-Profit Service Contractors: Of the six contracts listed previously as falling under the types of services covered in the proposed ordinance, three are under the threshold of \$10,000 and so would not be affected. The remaining three include the following:

- The Community Action Board (CAB) contract for prep work at the landfill would not be affected because CAB's employees performing work for the City are either already paid at least the minimum living wage, or are trainees.
- The Skills Center contract for recycling processing services, currently \$108,000 per year,

would be anticipated to increase by about \$61,000, including adjustments for compaction. In addition, this contract has unique circumstances which could require adjustments to the living wage requirements. Clients are paid at a wage rate established as appropriate for the type of work, which is then adjusted for the individual's productivity, so the amount paid per hour may be less than the minimum wage rate. In addition, clients with one type of social security benefits would lose those benefits if their pay increased over a certain amount.

- The SPCA contract for animal care and control services is a three-year contract that was recently renegotiated. If the living wage requirement were applied to the current contract, it is estimated that it would cost an additional \$120,000 to \$150,000 per year, although only a portion of this is funded by the City. This contract has issues similar to those faced by social services providers in that the SPCA has several funding sources, but does not assign staff based on jurisdiction (i.e., the same staff may provide services within or outside the City of Santa Cruz). Applying a living wage requirement creates questions as to which staff would receive the higher rate for which hours, as well as raising parity and compaction issues.
- In addition, the City has other contracts with non-profit service providers, such as the Volunteer Center for the CityServe program or Ecology Action for recycling education, which, although not in one of the categories listed in the ordinance, could fall under the category of meeting the intent of the ordinance. This could result in additional costs to the City, although they are not anticipated to be significant. As with the other non-profit and social services contracts, applying the living wage requirements to these contracts could raise parity and compaction issues, as well as potentially requiring different pay rates for the same employee.

As noted previously, there is often a purpose to contracts with non-profits other than just obtaining the services, and they are similar to sole-source contracts when those special purposes are considered. Non-profits do not have the same flexibility as for-profit companies that are bidding on City contracts; the City would need to absorb all of the additional costs. As with the social services grant recipients, non-profit service providers might need an extended period to bring all staff up to the living wage level while keeping cost increases within reasonable levels, as well as to deal with parity and compaction issues.

The Council could include non-profit service contractors in the current ordinance requirements, and as these contracts are renewed they can be reviewed and adjustments made under the provisions of Section 5.10.130. As an alternative, the Council could either include non-profit service contractors under the criteria that are developed for financial assistance recipients other than social services providers, or could apply the criteria that are to be developed for social service programs.

Financial Assistance Recipients Other Than Social Services Programs Providers: The Council directed staff to work with the Coalition for a Living Wage to develop language targeting which employees of financial assistance recipients or joint ventures with the City would be subject to the living wage requirements. We will return to Council as soon as we have developed a recommendation in conjunction with the Coalition.

Resolution Establishing Rates and Benefits: Attachment 3 is resolution establishing the living wage scale, as required by Section 5.10.040 of the ordinance. This resolution also establishes the minimum benefits required in order to qualify for the lower wage rate.

Regular Employees: Attachment 4 is a resolution modifying the compensation plan to adjust the pay

rates for the facility attendant position, to bring the lowest step up to the living wage level and adjusting the remaining steps appropriately.

Resolution Establishing Living Wage Advisory Committee: Attachment 5 is a resolution establishing a living wage advisory committee, including the changes directed by Council at its October 10th meeting.

Staffing Requirements: Attachment 6 is a resolution creating a half-time Administrative Assistant II position and full-time Administrative Analyst position in the Finance Department, and Attachment 7 is a Budget Adjustment to fund these positions. In addition to providing staff support to the living wage committee and contract administration in relation to living wage requirements, the analyst position will provide ongoing support to the Purchasing division functions. During the first several months, while the committee is focusing on developing recommendations regarding social services providers, the City Manager’s Office will also provide staff support to the committee.

Redevelopment Agency Contracts: A separate agenda report is on today’s Redevelopment Agency agenda, with alternative resolutions that would apply the same requirements to Redevelopment Agency contracts as are included under the City’s ordinance.

FISCAL IMPACT: Following are the estimated fiscal impacts of the various actions associated with implementation of the living wage policy:

• Addition of a Half-Time Administrative Assistant II	Approx. \$20,000 per year
• Addition of a Full-Time Administrative Analyst	Approx. \$65,000 per year
• For Profit Service Contractors	Unknown costs
• Non-Profit Service Contractors	Approx. \$200,000 to \$250,000 per year
• Financial Assistance Recipients	Unknown costs, depending on what is adopted by Council
• Social Services Program Grant Recipients	\$250,000 per year
Total	\$535,000 to \$585,000 per year of known costs

Submitted by:

Martín Bernal
Assistant City Manager

Patty Haymond
Council Affairs Manager/Principal Analyst

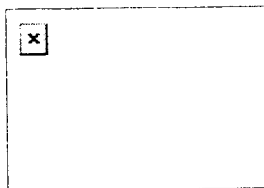
Approved by:

Richard C. Wilson
City Manager

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Attachments:

1. Ordinance With Non-Profit Service Providers Included
2. Ordinance With Non-Profit Service Providers Not Included
3. Resolution Establishing a Living Wage Scale
4. Resolution Modifying the Compensation Plan
5. Resolution Approving the Formation of the Living Wage Advisory Committee
6. Resolution Modifying the FY 2000-2001 Budget to Add New Positions
7. Budget Adjustment



REDEVELOPMENT AGENCY

AGENDA REPORT

DATE: October 18, 2000

AGENDA OF: October 24, 2000
DEPARTMENT: City Manager and Redevelopment
SUBJECT: Living Wage

RECOMMENDATION: That the Redevelopment Agency: 1) adopt a resolution establishing a policy pertaining to the payment of a living wage, and 2) adopt a resolution establishing a living wage scale. Note: Adoption of these resolutions is contingent upon adoption by the City Council of a living wage ordinance and related actions pertaining to the living wage.

DISCUSSION: On October 10th, the City Council approved for publication two versions of an ordinance that will require the payment of a living wage to the employees of City contractors. One version applies these requirements to for-profit service contractors, and the other version also includes non-profit service contractors. Elsewhere on this agenda, the Council will consider final adoption of that ordinance, and adoption of a series of resolutions to implement the living wage policy.

The approved living wage ordinance applies to service contracts, and requires that employees performing services under contracts of \$10,000 or more be paid a living wage. The Council directed staff to return with a resolution, to be considered by the Council on this agenda, that will establish the living wage rate at \$11.00 per hour if benefits are paid, and \$12.00 per hour if the minimum benefits are not paid. Attached is a resolution with two alternative exhibits that will apply these same provisions to Redevelopment Agency service contracts as are in the alternative ordinances under consideration for City contracts.

In addition, the City Council directed staff to work with the Coalition for a Living Wage to develop language targeting which employees of financial assistance recipients or joint ventures with the City would be subject to the living wage requirements, with parallel requirements to be considered for Redevelopment Agency financial assistance recipients. We will return to Council as soon as we have developed a recommendation in conjunction with the Coalition, and will include a resolution with parallel language for Agency contracts.

FISCAL IMPACT: It is anticipated that there will be some additional contract costs, however, these are not expected to be significant for Redevelopment Agency service contracts. The potential costs of applying the policy to financial assistance recipients will depend upon what provisions are adopted by the City Council at a later date.

Submitted by:

Patty Haymond

Council Affairs Manager/Principal Analyst

Ceil Cirillo

Redevelopment Agency Director

Martín Bernal

Assistant City Manager

Approved by:

Richard C. Wilson

City Manager

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Attachments:

1. Resolution Establishing A Policy Pertaining To The Payment Of A Living Wage With Alternative Exhibits:
 - A. With Non-Profit Service Providers Included
 - B. With Non-Profit Service Providers Not Included
2. Resolution Establishing A Living Wage Scale