

# Agenda Report

**TO:** CITY COUNCIL **DATE:** June 2, 2008

**THROUGH:** ECONOMIC DEVELOPMENT AND TECHNOLOGY COMMITTEE  
(May 28, 2008)

**FROM:** CITY MANAGER

**SUBJECT:** DIRECT THE CITY ATTORNEY TO PREPARE AN AMENDMENT TO THE LIVING WAGE ORDINANCE, PASADENA MUNICIPAL CODE CHAPTER 4.11, TO ELIMINATE THE PROVISION DEALING WITH THE SUPERSESSION BY COLLECTIVE BARGAINING AGREEMENTS AND REPLACING IT WITH AN "OPT OUT" PROVISION.

## Recommendation

It is recommended that the City Council direct the City Attorney to prepare an amendment to the Living Wage Ordinance, Pasadena Municipal Code Chapter 4.11, to eliminate the provision dealing with the supersession by collective bargaining agreements and replacing it with an "opt out" provision.

## Background

The Pasadena Living Wage Ordinance became effective in September 1998. The Ordinance requires firms providing labor or services to the City, with contracts in excess of \$25,000, to pay those employees assigned to the contract a "living wage" as established annually by the City, currently \$11.48 per hour.

In order to avoid impermissibly impairing any existing collective bargaining agreements, the Ordinance includes a provision whereby its terms are superseded by those of any collective bargaining agreement between the contractor and its employees. In the nearly ten years since the City adopted its Living Wage Ordinance, there have been a few occasions, one recently, where the presence of a collective bargaining agreement resulted in employees assigned to a City service contract earning less than the City's established Living Wage rate.

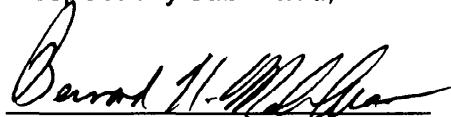
The intent of the City Council when it adopted the Living Wage Ordinance was that the living wage rate would be the minimum compensation level provided to those working under City service contracts. To better ensure that persons

working under City service contracts earn a wage sufficient to provide for basic needs, it is recommended that the supersession clause be replaced with an "opt out" provision, whereby the parties may waive the applicability of the Living Wage ordinance only if the waiver is explicitly set forth in the terms of the collective bargaining agreement. Such a provision would allow employers and employees the opportunity to bargain for greater flexibility such as trading certain wage levels for increased benefits.

Fiscal Impact

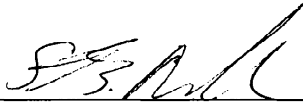
The fiscal impact associated with this recommendation is negligible at this time. For future contracts it is possible that this action would have some fiscal impact as the cost of compliance with the Living Wage Ordinance is ultimately borne by the City.

Respectfully submitted,



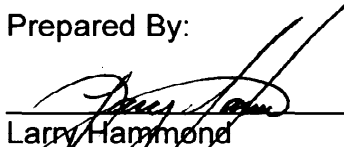
Bernard K. Melekian  
City Manager

Approved By:



Steve Mermell  
Director of Finance

Prepared By:



Larry Hammond  
Purchasing Administrator