

# Agenda Report

**DATE:** JUNE 8, 1998  
**TO:** HONORABLE MEMBERS OF THE CITY COUNCIL  
**FROM:** MAYOR CHRIS HOLDEN  
**SUBJECT:** ESTABLISHMENT OF "LIVABLE WAGE" ORDINANCE

## RECOMMENDATION

It is recommended that the City Council:

- I. Direct the City Attorney to draft a "Livable Wage" ordinance requiring firms receiving City labor or service contracts in excess of \$25,000, or receiving City financial assistance in excess of \$75,000 to pay their employees not less than \$7.25 per hour with employer paid medical benefits or \$8.50 without.
- II. Direct the City Attorney to determine whether the proposed ordinance would apply to the Pasadena Center Operating Company and the Rose Bowl Operating Company.
- III. Direct the Acting City Manager to return to the City Council within thirty days with amendments to the Salary Resolution necessary to establish the City's lowest control rate at \$7.25 per hour with benefits or \$8.50 for those classifications not eligible for benefits.

## BACKGROUND & DISCUSSION

Over the past several years, the U. S. economy has enjoyed significant expansion. Yet for those Americans earning minimum or at near minimum wages, it has become harder to provide for themselves and their families. This is because the minimum wage has not keep pace with inflation. Despite recent increases at the federal and state level, today's minimum wage has less buying power than it did ten years ago. This adds to the growing income disparity in this country and contributes to the growth in the ranks of the working poor.

Recognizing the need to support working families, cities and counties across the country have established "livable wage" laws. These laws require firms receiving government contracts or public financial assistance to pay their employees an amount sufficient to

keep them above the poverty line and/or to ensure that they have access to quality medical care.

Pasadena's first experience with "livable wage" was in July 1995, when the City Council established minimum salaries for the City's housekeeping contract. Under the contract, full-time *workers* and *lead workers* are paid \$6.80 and \$7.30 per hour, respectively as well as receive basic medical coverage.

In May 1997, the City Council approved in concept the establishment of a "livable wage" ordinance. Since June 1997, a committee consisting of representatives from the American Federation of State and Municipal Employees (AFSME), the Living Wage Coalition, The Pasadena Chamber of Commerce and City staff have met several times to discuss the issue and evaluate several alternatives. The committee focused on the potential impact of "livable wage" in five areas: City Contracts, The City's Internal Workforce, Economic Development and Business Retention, Workfare, and Affiliated City Agencies.

#### *I. City Contracts*

Each year the City issues dozens of contracts in excess of \$25,000, involving labor or services. Staff's analysis indicates that in any given year only a small portion of these contracts, between eight and twelve, would involve workers earning less than \$7.25 per hour with benefits or \$8.50 per hour without. The estimated annual cost of applying the proposed "livable wage" ordinance to these contracts is \$340,000. It should be noted, however, that these increased costs would be phased-in over time as contracts are renewed or re-bid. In addition, the \$340,000 figure represents less than 1% of the City's annual average contracting volume of \$60 million.

#### *II. City's Internal Workforce*

Attachment "A" is a listing of city job classifications that are compensated less than \$8.50 per hour without benefits. In order for the City Pasadena to display itself as a good corporate citizen and evidence that it is serious about ensuring that all employees earn a "livable wage" the salary and/or benefit level of these classifications should be adjusted. It is recommended that the City establish its lowest control rate at \$7.25 per hour with benefits or \$8.50 for those classifications not eligible for benefits. According to the Human Resources Department the cost of these changes will be \$392,000 annually.

#### *III. Economic Development/Business Retention*

It is difficult to determine what impact "livable wage" would have on economic development and business retention efforts as its applicability would be prospective and apply to yet unknown projects. Nevertheless, if the City assists businesses in locating or staying in Pasadena, they should be asked to contribute to the quality of life by providing jobs that pay livable wages. Accordingly, whenever the City provides financial assistance in excess of \$75,000, such assistance would automatically trigger the requirement that the recipients pay their employees no less than \$7.25 per hour with benefits or \$8.50 without. This "livable wage" requirement would apply only to the actual recipient of financial assistance. For example, the tenants of a Developer who has received financial assistance would not be subject to the "livable wage" ordinance unless they, themselves, have received financial assistance in excess of \$75,000 from the City.

#### *IV. Workfare*

Employable recipients of the County's General Relief (GR) program are currently required by the County to "work off" their monthly grant amount (up to \$212) by participating in a job training program or performing a designated number of "workfare" hours at designated locations. Through an agreement between the City and the Los Angeles County Department of Public Social Services, the City of Pasadena serves as one of these locations.

If a GR participant also receives other benefits (e.g. Food Stamps), the value of those benefits may increase the monthly workfare requirement. The County determines the number of workfare hours required for each recipient, utilizing a standard calculation that divides the grant/benefit amount by the state minimum wage. For example, to "work off" the \$212 per month cash grant, at a state minimum wage of \$5.75 an hour, a recipient must work about 36 hours or 4.5 workdays in a month.

General Relief is a County program, serving adults without dependents who have almost no money or financial resources. County reports show there are approximately 2,100 General Relief recipients in Pasadena. To be eligible, one cannot have more than \$50 in cash. Once in the GR program, there are strict limits on what a recipient can earn before their monthly grant is proportionally cut. A GR recipient may earn only \$200 per month without suffering a reduction in GR benefits. Once a GR recipient earns \$201 per month, their monthly grants begin to be proportionally reduced. Therefore, were the City to extend the proposed living wage ordinance to workfare participants they would lose eligibility for the program and the City would no longer be a workfare project site. This would not be in the interests of the City, or local GR recipients for whom City sites are convenient and accessible locations to fulfill County work requirements.

The above notwithstanding, the City of Pasadena should continue to work with the county and state to develop viable means of transitioning General Relief recipients through training and other mechanisms, from workfare to mainstream employment.

#### *V. Affiliated Agencies – RBOC & PCOC*

The Pasadena Center Operating Company (PCOC) and the Rose Bowl Operating Company (RBOC) are extensions of the City of Pasadena and should also adopt similar living wage policies covering both their employees and contractors.

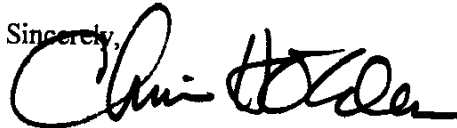
#### FISCAL IMPACT

It is expected that administration and enforcement of the livable wage ordinance will be performed with current staff resources. Therefore, the proposed livable wage ordinance will impact the City's budget in two areas: contracting and salaries.

The cost associated with City contracts will be phased-in over time, as contracts come up for renewal or are re-bid. Consequently, additional contracting expenses in FY 1998-99 are anticipated to be less than \$100,000. Once all impacted contracts have been renewed or re-bid, the estimated fiscal impact is \$340,000.

The cost associated with raising the pay and benefit level of existing City employees is approximately \$392,000. The Acting City Manager, however, has recommended that these positions be reviewed in order to determine whether some should be exempt from the increase. Such a request may be reasonable and to the extent that some positions are not affected, the associated costs will be reduced.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Holden". The signature is fluid and cursive, with the first name "Chris" written in a larger, more prominent script than the last name "Holden".

CHRIS HOLDEN  
Mayor

**Committee on a Living Wage**

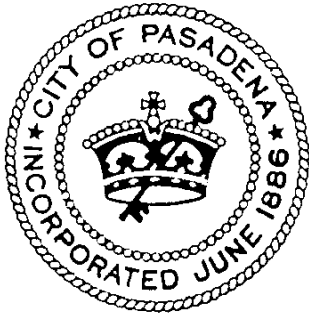
Attachment "A"

**City of Pasadena Employee Impacts:**

**Minimum wage rate of \$8.50/hr without benefits or \$7.25/hr with benefits**

<i>Department</i>	<i>Position Title</i>	<i>#</i>	<i>Rate</i>	<i>Hours</i>	<i>Benefits</i>	<i>Increase</i>	<i>Annual Cost</i>
Finance	Work Experience Aide	1	\$7.89	20		\$0.61	\$634
Fire	Work Experience Aide	1	\$7.89	20		\$0.61	\$634
Human Services	CSW (Cust Svc Rep)	1	\$8.00	20		\$0.50	\$520
Human Services	CSW (Rec Leader II)	1	\$7.25	20		\$1.25	\$1,300
Human Services	Recreation Leader III	7	\$7.25	20		\$1.25	\$9,100
Human Services	CSW (MASH)	3	\$4.25	40		\$4.25	\$26,520
Human Services	CSW (MASH trainee)	1	\$5.06	40		\$3.44	\$7,155
Human Services	Recreation Leader I	2	\$6.00	20		\$2.50	\$5,200
Human Services	Recreation Leader II	1	\$6.60	20		\$1.90	\$1,976
Library	Page	13	\$7.12	19		\$1.38	\$17,725
Library	Page	4	\$6.63	19		\$1.87	\$7,390
Library	Page	10	\$6.32	19		\$2.18	\$21,538
Library	Page	10	\$6.09	19		\$2.41	\$23,811
Library	Page	2	\$5.80	19		\$2.70	\$5,335
Library	Page	1	\$6.85	19		\$1.65	\$1,630
Planning	CSW (Maintenance Trainee)	9	\$5.15	40		\$3.35	\$62,712
Planning	CSW (Maintenance Trainee)	1	\$5.39	40		\$3.11	\$6,469
Planning	CSW (Maintenance Trainee)	1	\$5.31	40		\$3.19	\$6,635
Planning	CSW (MASH trainee)	3	\$5.86	40		\$2.64	\$16,474
Planning	CSW (MASH trainee)	1	\$5.63	40		\$2.87	\$5,970
Planning	CSW (MASH trainee)	4	\$5.15	40		\$3.35	\$27,872
Planning	CSW (Maintenance Trainee)	2	\$5.63	40		\$2.87	\$11,939
Planning	CSW (MASH trainee)	1	\$5.36	40		\$3.14	\$6,531
Police	CSW (Youth Advisor)	9	\$8.00	20		\$0.50	\$4,680
Police	Crossing Guard	6	\$7.00	20		\$1.50	\$9,360
Police	CSW (Crossing Guard)	7	\$7.00	20		\$1.50	\$10,920
Public Works	CSW (Work Experience Aide)	4	\$6.72	40		\$1.78	\$14,810
Public Works	CSW (Work Experience Aide)	1	\$6.31	40		\$2.19	\$4,555
Public Works	CSW (Work Experience Aide)	1	\$7.00	40		\$1.50	\$3,120
Public Works	CSW (Work Experience Aide)	1	\$6.31	40		\$2.19	\$4,555
Recreation	Recreation Leader III	4	\$7.25	20		\$1.25	\$5,200
Recreation	Adaptive Recreation Leader I	1	\$7.25	20		\$1.25	\$1,300
Recreation	CSW (Recreation Leader II)	1	\$6.60	20		\$1.90	\$1,976
Recreation	CSW (Recreation Leader III)	8	\$7.25	20		\$1.25	\$10,400
Recreation	Recreation Leader I	1	\$6.00	20		\$2.50	\$2,600
Recreation	Recreation Leader II	4	\$6.60	20		\$1.90	\$7,904
Recreation	Recreation Leader III	27	\$7.25	20		\$1.25	\$35,100
Water & Power	Work Experience Aide	1	\$7.89	20		\$0.63	\$655
		<b>156</b>					<b>\$392,206</b>

Additional 100 part-time CSW hired during summer months at pay ranging from \$5/hr to \$12/hr.



# Agenda Report

**TO:** CITY COUNCIL                      **DATE:** JUNE 8, 1997  
**FROM:** ACTING CITY MANAGER  
**SUBJECT:** LIVABLE WAGE/ALTERNATIVE OPTION

## RECOMMENDATION

Should the City Council decide to approve the establishment of a "Livable Wage" ordinance for the City of Pasadena it is recommended that:

- I. The compensation requirement be \$7.25 per hour or the provision of medical coverage equivalent to \$2.50 per hour.
- II. The City Manager be directed to review all city job classifications that pay less than \$7.25 per hour and do not provide benefits. And, return to City Council with amendments to the Salary Resolution raising the control rate for any of those positions that are deemed to be other than training or seasonal positions.
- III. The City of Pasadena continue as a workfare project site and the City Manager be directed to provide skill training opportunities to workfare participants to the extent possible.
- IV. The City Council endorse the establishment of an Earned Income Tax Credit information outreach effort.

## BACKGROUND & DISCUSSION

The City Council has been asked to consider establishing a "Livable Wage" ordinance. While few endeavors are more worthwhile than providing support for working people and their families, there does not exist sufficient available revenues in the City's budget to cover the financial impact of an ordinance without increasing revenues, making cuts in other programs or drawing upon City Reserves. If, however, the Council wishes to implement such an ordinance, staff recommends this proposal as an alternative to ease the financial impact on the City compared to the other alternatives being presented. In addition, staff recommends furthering the goal of increased compensation for low income

workers through the establishment of an Earned Income Tax Credit information outreach effort.

The stated goal of virtually every “livable wage” campaign is to ensure that workers are paid sufficiently to keep them above the U. S. poverty guideline. Those guidelines establish the poverty rate for a family of three at \$13,330. By establishing a “livable wage” at \$7.25 per hour the City will be ensuring that a person working full-time with two dependants will earn above this level. This staff proposal would provide that affected employees earning less than the \$7.25 per hour would be provided medical coverage equivalent to that provided by the City to its own employees. This would ensure that even low-wage employees have access to quality medical care.

The proposal put forward by the Mayor would affect one hundred and fifty-six currently filled positions. The total sum necessary to bring these positions up to the “livable wage” level established in the proposal is \$390,000 annually. At present, there are not sufficient available revenues in the City’s budget to absorb these costs. Moreover, many of the positions that have been identified as being affected by the proposal are training type positions that usually lead to higher positions or part-time positions usually filled by students. In either case, they do not meet the standard definition of jobs usually targets by “livable wage” efforts. Therefore, it is recommended that staff return to Council with recommendations as to which, if any, of these positions should be covered by the livable wage ordinance.

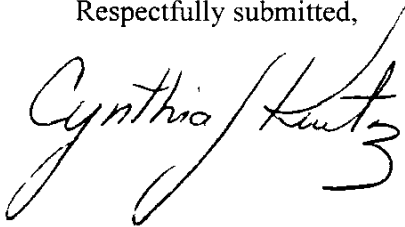
As discussed in the Mayor’s report, the City is limited in ability to positively impact the situation for local workfare participants. However, staff has been exploring and will continue to do so, ways of providing job training skills to workfare participants assigned to the City of Pasadena.

In addition, staff recommends undertaking an Earned Income Tax Credit education program as described in the attached memorandum as another means of assisting Pasadena’s low income workers.

FISCAL IMPACT

The entire fiscal impact of this alternate livable wage proposal is yet undetermined due to the fact that it requires a comprehensive review of internal city job classifications which staff was unable to complete in advance of this item being submitted to City Council for consideration. The anticipated cost to the City's contracting program is expected to be approximately \$85,000 annually. The costs of implementing an Earned Income Tax Credit information outreach effort are expected to be minimal. If so directed, the City Manager would return with recommendations on how to include the \$85,000 cost in the FY '99 budget prior to the June 22, 1998 adoption date.

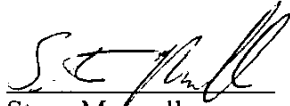
Respectfully submitted,



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Cynthia J. Kurtz  
Acting City Manager

Prepared by:



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Steve Mermell  
Department of Finance



**MEMORANDUM**

**CITY OF PASADENA**

**Department of Finance**

**DATE:** July 28, 1997

**TO:** Robert Person, Assistant to the City Manager

**CC:** Jay Goldstone, Director of Finance

**FROM:** Steve Mermell, Purchasing Administrator

**SUBJECT:** Living Wage Alternative

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***Executive Summary***

Were the City to undertake a comprehensive effort to inform and assist local residents collect Earned Income Tax Credits, currently available to them through the federal government, much of the aim of a living wage ordinance can be achieved at dramatically less cost to the City.

***Background and Analysis***

On August 25, the City Council will be considering the establishment of a living wage ordinance. While few endeavors could be more worthwhile than providing support to the working poor and their families, there are concerns that such a program may prove costly to the General Fund and may have a negative impact on the City's business development/retention efforts. The purpose of this memorandum is to outline a measure which the City Council may wish to consider as an alternative to adopting a living wage program.

As mentioned in previous reports concerning the issue, the City of Los Angeles commissioned an empirical analysis of its proposed living wage ordinance. The study was prepared by Dr. Douglas Williams, Assistant Professor of Economics at Carleton College and Dr. Richard Sander, Professor of Law at UCLA. Interestingly, the study argued that increasing the use of the federal Earned Income Tax Credit by the employees of city contractors would have "enormous advantage" over the adoption of a living wage program. Although the City of Los Angeles ultimately adopted a living wage ordinance, the City of Pasadena may well benefit by considering the study's recommendation. What follows is an outline of how an Earned Income Tax Credit program would compare to a living wage program.

As mentioned in the study, the Earned Income Tax Credit (EITC) was begun in the late 1970s and was greatly expanded by the Clinton Administration in 1993. The EITC works as sort of "negative income tax" for low-income families with job earnings. A

worker who is the sole support of their family, has two children and worked full-time in 1996 at an hourly rate of \$5.75 would be eligible for an EITC of roughly \$3,500 - enough, in other words, to make their effective wage \$7.50 per hour.

Although this benefit exists and is available to those who qualify, apparently, many people do not take advantage of it. According to the study, “[t]he problem is that the majority of the Los Angeles residents who are eligible for the EITC do not know it or do not use it. Even those who use it tend to receive the EITC in a lump sum when they file a tax return, even though the program now makes it relatively easy for employers to pass the benefit on to workers in the form of regular “wage subsidy” payments. We estimate that the total value of unused EITC benefits in the City is \$100 million per year.”

If we assume that this statement is true, it is probably safe to also assume that many Pasadena residents are not taking advantage of this benefit. How many is currently unknown, however, the City of Pasadena has a population which is roughly 5% that of Los Angeles. If there is \$100 million of unclaimed EITC in that city, assuming similar demographics and using a straight percentage comparison, Pasadena residents would be expected to be deserving of approximately \$5 million of unclaimed EITC. Even if the true number is only half this, the amount is significant.

Were the City to undertake a comprehensive effort to inform and assist local residents collect the EITC they deserve much of the aim of living wage ordinance will be achieved at dramatically less cost to the City. In addition, this approach would have certain benefits beyond those available through a living wage program.

### ***Who Pays***

As discussed at length in the memorandum dated July 7, the majority of costs associated with a living wage program would fall on the City. Staff estimated these costs to be between \$1.5 million and \$2.7 million. This would put the City Council in the position of having to readjust other budgetary priorities in order to fund the program. By contrast, the EITC is funded by the federal government and would have no negative impact on the City’s budget, save for the costs associated with conducting an EITC outreach program.

### ***Who Benefits***

There are two concerns regarding the beneficiaries of a living wage program. First, while a city the size of Los Angeles may feel confident that most, if not all, of those covered by its living wage program are residents of that city, Pasadena cannot be so certain. As staff’s prior analysis reveals, the majority of city contractors and their employees do not live in Pasadena and it is just as unlikely that the majority of employees of city Financial Assistance Recipients and their contractors will also be residents. Therefore, while a Pasadena living wage program would be fully funded with resident taxpayer dollars, its benefits would accrue more to the benefit of non-residents.

Because the EITC outreach program envisioned herein would seek to reach all deserving local residents, not just the employees of city contractors, Financial Assistance Recipients

and their contractors, far more Pasadena residents, and only Pasadena residents, stand to benefit.

Although a somewhat lesser concern, it must be acknowledged that while a living wage program is intended to aid the working poor and their families, there is no guarantee that just because an individual is earning less than that considered a “living wage” that they are, in fact, existing near or below the poverty line. The above referenced study found that a full 33% of low wage workers in the City of Los Angeles live in families with incomes over \$45,000 per year. Conversely, the EITC is by definition available only to those who are in need and qualify. Moreover, receipt of the EITC does not negatively impact a recipient’s eligibility for other means-tested benefits.

### ***Who Administers***

Like many other City endeavors, a significant portion of the cost of a living wage program would be associated with administration and oversight. Staff has conservatively estimated that two full-time analyst positions would be needed to monitor and enforce the program; however, it is very likely that additional staffing would be necessary, particularly were the City to form a living wage commission as recommended by the Living Wage Coalition. Again, beyond the anticipated modest costs of establishing a EITC outreach program, all overhead and administrative costs would be avoided.

### ***Other Benefits***

Proponents of living wage argue that such a program is good for the local economy because recipients spend their additional income within the local jurisdiction. In reality, to the extent that these moneys do not leave the city, for reasons explained above and in previous analysis, they merely represent a redistribution of the City’s own resources. Since the EITC represents “new” money which is brought into the area from outside, it does, in fact, add to the local economy.

cc: Council  
Cyn  
CC ✓

# Pasadena Living Wage Coalition

June 4, 1998

Honorable Christopher Holden  
Honorable William Crowfoot  
Honorable Paul Little  
Honorable William Paparian  
Honorable Joyce Streater  
Honorable Sidney F. Tyler  
Honorable Anna-Marie Villicana  
City of Pasadena  
100 North Garfield Avenue  
Pasadena, CA 91109

EO : 6 26 NY 8

-- 80888 --

Re: Living Wage Ordinance Proposal

Dear Mayor Holden and Council Members:

The Pasadena Living Wage Coalition submits the following recommendations for consideration by the City of Pasadena in connection with adoption of a living wage. The Coalition will also present testimony on June 8, 1998 in support of these recommendations.

1. Employers Covered By The City of Pasadena  
Proposed Ordinance:

Contractors and subcontractors providing in excess of \$99,999 in services to the City, including the Rose Bowl Operating Company and the Brookside Golf Course.

Entities receiving in excess of \$99,999/year in one-time or ongoing municipal-controlled financial assistance, such as below market rate loans, revenue bond financing, density bonuses, rental subsidies, tax credits, sales tax rebates, loan forgivenesses, land write downs. The period of coverage would be the life of the subsidy.

The lessees and subcontractors of subsidy recipients performing delegable duties that the holder would normally receive or who directly benefit from the subsidy.

2. Workers Covered by the

Full-time, permanent, non-seasonal City employees working in excess of 30 hours/week. (The City should ensure that there is no circumvention of the hiring of full-

6/8/98  
7.A.9.

time employees. In addition, the Coalition recommends that positions that are included in the City budget be filled with full-time permanent employees hired through the normal competitive process. Contract temporary full-time employees should only be employed for the period necessary to hire permanent employees through the competitive process.)

Persons working in excess of 19 hours/week on City service contracts that are covered by the Ordinance.

Persons working in excess of 19 hours/week employed by entities receiving city-controlled subsidies under the ordinance.

Workfare participants assigned to the City.

3. Wage Levels: For all persons covered by the Ordinance except workfare participants, \$8.00/hour with benefits. \$10.50/hour without benefits. (The Coalition rejected recommending a lower figure because the federal poverty level is now \$7.60/hour and will be modified upward in December, 1998. The Los Angeles County cost of living is higher than the federal standard.)  
  
The City should supplement the income of workfare participants assigned to the City by \$2.25/hour (with a resulting cost to the City of \$93,600.) (General Relief workfare participants may earn up to \$200/month without penalty; they have health benefits through other sources.)
4. Benefits: Workers would have the option of whether to accept health care coverage offered under the ordinance or under the policies of relatives or others. If the ordinance-covered employee opts to be covered under another individual's policy, the employee is not to receive cash in lieu of coverage. We support the provision of health care at a \$2.50/hour because this is the cost of the level of care that the Blue Ribbon Panel on Competitiveness that studied this issue recommended.
5. Leave: 15 days compensated, unspecified leave.
6. Exemptions: Non-profits agencies with an 8:1 ratio in income between the highest and lowest paid employees.  
  
Businesses for which this level of pay would create a hardship could apply to the City for an exemption. Following the Los

Angeles model, this exemption should be approved by the City Council, thus assuring some opportunity for public input.

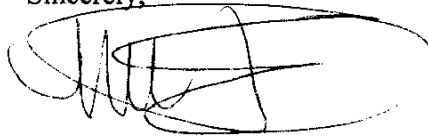
7. Administration: A process should be established to receive comments, concerns or complaints from individuals having problems with the implementation of the living wage ordinance. The City should develop the capacity to receive such complaints in both in English and Spanish. We recommend that some improvements be made on the Los Angeles complaint process, allowing complaints to be channeled first to City staff and relevant agencies in the community, such as legal aid. City staff receiving complaints related to the implementation of the Ordinance should be bilingual (English/Spanish at a minimum) and possess cultural sensitivity to both the needs of low-wage workers and employers. A citizens' commission or other body should be available to hear concerns about the implementation of the ordinance and to monitor its implementation.

Once regulations are developed to provide guidance on implementing the living wage ordinance, some educational materials (in English, Spanish and Armenian at a minimum) should be disseminated to both employers and employees who are covered by the ordinance. A notice concerning the living wage ordinance should be posted in a manner which is visible to all workers. This notice should also include a telephone number. The City should consider meeting with impacted workers to provide full details of the ordinance, once it is enacted.

An annual report should be presented to the City Council providing detailed information on actions by companies receiving city contracts and subsidies, welfare workers and municipal employees with regard to implementation of the ordinance.

Please take these recommendations into account when formulating Pasadena's ordinance. If you have any questions regarding these recommendations, please contact Michelle White at (626) 296-3100.

Sincerely,



Michelle C. White  
Pasadena Living Wage Coalition

Enc.

980 North Fair Oaks Avenue, Pasadena, CA 91103 (626) 296-3100/ (626) 296-3560 (FAX)

# COSTS AND SAVINGS ASSOCIATED WITH IMPLEMENTATION OF THE PASADENA LIVING WAGE COALITION PROPOSAL

The Living Wage Coalition proposal is somewhat different from the Los Angeles Ordinance and the AFSCME proposed ordinance. The assumptions and costs associated with the Coalition's proposal are as follows:

## **Assumptions Related to Benefits and Wages:**

### **Health and Other Benefits**

Based on the recommendation of the Blue Ribbon Panel on Competition, the Living Wage Coalition recommends that the 37 full time city employees who now do not have health benefits and employees of covered subsidy holders and service contractors receive health benefits comparable to the vast majority of full time municipal employees. For these analyses, the figure of \$2.50/hour has been used to represent the costs of comparable benefits. Workfare participants receive health benefits from other sources, so no additional amounts are included for costs related to the coverage of these workers.

### **Wages**

Coalition figures are based on the following assumptions:

- 1) Only full time city employees will be paid a living wage of an \$8.00/hour without a benefits and \$10.50/hour with benefits. (The \$8.00/hour amount is based on the fact that the federal poverty level is now \$7.60/hour and will be adjusted upwards in December 1998. In addition, the Los Angeles County cost of living is higher than the national average.)
- 2) Individuals in full time training positions will receive a \$5.75/hour, the State minimum, and benefits, and the education/training afforded them. After employees move from training into regular positions, these employees will receive living wages, and benefits.
- 3) The practice of using contract full time temporary employees for long periods of time will be discontinued, in favor of filling positions which are budgeted through normal competitive methods.
- 4) Workfare individuals performing tasks in Pasadena will be paid a living wage from two sources: a) the Los Angeles County equivalent of \$5.75/hour, and b) the City cash payment of \$2.25/hour, totaling \$8.00/hour. (Since the average cash payment to individuals will amount to approximately \$80/month, the City's cash payment to recipients will not affect participants' continued eligibility for General Relief. General Relief recipients may receive up to \$200/month without penalty.)

5) The will pay 100% of the costs associated with providing a living wage to City employees and the City's portion of workfare participant costs, but no more than 30% of the costs associated with providing living wages and benefits to service contractors' low wage workers. It is also assumed that there will be aggressive negotiating by City staff when contracts are executed and subsidies are awarded.

**Costs to be Borne by the City of Pasadena Associated With Adopting the Coalition's Proposed Living Wage Ordinance**

Providing City Employees Benefits and Living Wage:	\$ 205,442
Providing Workfare Participants in Pasadena a Living Wage:	\$ 93,600
Service Contractor Employees Benefits and Living Wage Costs	
Likely to be Passed Through to the City:	\$ 223,817
Subsidy Holder Costs to be Passed to the City:	\$ 0
Implementation/Monitoring Costs:	\$ 50,000
Total:	\$ 572,859

**Costs to Affiliated Agencies Associated With Adopting the Coalition's Proposed Living Wage Ordinance**

Rose Bowl and Pasadena Convention Center	\$ 525,000
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**Economic Benefits Accruing to Pasadena General Fund and Charitable Institutions Associated With Adopting the Coalition's Proposed Living Wage Ordinance**

Reduction in Costs Associated With Section 8 housing subsidies and contributions to food banks.

Increased ability of low wage workers to maintain their housing, thereby eliminating or reducing housing and code violations in poor neighborhoods.

Increased Ability of low wage workers to spend monies in their communities.