



## Legislation Text

File #: 08-0143, Version: 1

An Ordinance to Amend Sections 1:813 and 1:821 of Chapter 23 (Living Wage Requirements) of Title I of the Code of the City of Ann Arbor (Ordinance No. ORD-08-10)

The proposed ordinance amendment would establish a higher dollar threshold for non-profits corporations for application of the living wage requirements of Chapter 23 of the City Code. Under this amendment non-profit organizations who furnish services under contract to the City or receive financial assistance under a grant program administered by the City would not be subject to the living wage requirement unless the contract amount or grant award exceeds \$40,000 in a 12-month period.

Currently non-profits corporations who employ or contract with ten (10) or more individuals and have a contract with the City or receive a grant from the City which exceeds \$10,000 in a 12-month period are subject to the living wage requirements of Chapter 23. Employment calculations under the ordinance included permanent, part-time and seasonal employees. By increasing the dollar threshold for application of the requirement, non-profit corporations who rely on summer part-time and seasonal employees to provide services to the community and would not otherwise have been able to bid, or have historically limited their bids to contract for services or seek grant funding because of the living wage requirement may now be able do so.

Sponsored by: Councilmember Easthope

ORDINANCE NO. ORD-08-10

First Reading : February 19, 2008

Approved: April 7, 2008

Public Hearing : March 3, 2008

Published: April 13, 2008

Effective: April 23, 2008

### LIVING WAGE ORDINANCE

AN ORDINANCE TO AMEND SECTIONS 1:813 AND 1:281 OF CHAPTER 23 OF TITLE I OF THE CODE OF THE CITY OF ANN ARBOR.

The City of Ann Arbor Ordains:

Section 1. That Section 1:813 of Chapter 23 of Title I of the Code of the City of Ann Arbor be amended to read as follows:

#### **1:813. Definitions.**

For purposes of this Chapter, the following definitions shall apply:

- (1) *Contractor/Vendor* is a person or entity that has a contract with the City primarily for the furnishing of services where the total amount of the contract or contracts with the City exceeds \$10,000.00 for any 12-month period. "Contractor/vendor" does not include:

(a) a person or entity that has a contract with the City primarily for the purchase of goods or property, or for the lease of goods or property to or from the City; ~~or~~

(b) a person or entity that has a contract with the city funded by the community events budget.

(2) *Covered Employee* means a person employed by a covered employer to perform services which are covered or funded by the contract with or grant from the City; provided, however, that persons who are employed pursuant to federal, state or local laws relating to prevailing wages shall be exempt from this Chapter.

(3) *Covered Employer* means a contractor/vendor or grantee that has not been granted an exemption from this Chapter pursuant to Section 1:817.

(4) *Employee* means an individual who provides personal services performed for wages under any contract calling for the performance of personal services, whether written or oral, express or implied. The term "employee" does not include any individual who volunteers to perform services for an employer if

(a) The individual receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered; and

(b) Such services are not the same type of services which the individual is employed to perform for such employer.

(5) *Employee Health Benefits* or *Health Benefits* means providing health care benefits for employees (or employees and their dependents) at employer cost or making an employer contribution toward the purchase of such health care benefits for employees (or employees and their dependents), provided that the employer cost or contribution equals no less than \$1.00 an hour for the average work week of such employee, and provided further that any employee payment or contribution toward health care shall not exceed 50 cents an hour for the average work week for such employee.

(6) *Grant* means any form of financial assistance to a "Grantee" as set forth and defined in Section 1:813(7). "Grant" does not include financial assistance used for the purchase or lease of property or other non-personnel costs.

(7) *Grantee* is a person or entity that is a recipient of any financial assistance from the City in the form of any federal, state or local grant program administered by the City, revenue bond financing, tax increment financing, tax abatement, tax credit, direct grant, or any other form of financial assistance that exceeds \$10,000.00 for any 12-month period, including any contractors, subcontractors, or leaseholders of the grantee whose contract, subcontract or lease with the grantee exceeds \$10,000.00 for any 12-month period.

(8) *Living Wage* means a wage equal to the levels established in Section 1:815.

(9) *Person* means any individual, copartnership, corporation, association, club, joint adventure, estate, trust, and any other group or combination acting as a unit, and the individuals constituting such group or unit.

(10) *\$10,000.00 for any 12 month period* is computed by taking the total amount of the contract, grant or loan and dividing it by the number of months the contract, grant or loan covers.

Section 2. That Section 1:821 of Chapter 23 of Title I of the Code of the City of Ann Arbor be amended to read as follows:

1:821. Other Provisions.

- (1) No affected covered employer shall reduce the compensation, wages, fringe benefits, or leave available to any covered employee or person contracted for employment in order to pay the living wage required by this Chapter.
- (2) Nothing in this Chapter shall be construed to require the City to take action which would conflict with, interfere with, and/or supersede any provision of a collective bargaining agreement with any union representing City employees, which deals with the provision of health care to City employees.
- (3) No employee covered by a federal, state or local law requiring the payment of prevailing wages shall be covered by this Chapter.
- (4) This Chapter shall not be construed to apply to any person or entity that is a tax exempt religious, educational or charitable organization under state or federal law, but is not a contractor/vendor or grantee as defined in Section 1:813.
- (5) This Chapter shall not be applicable to the establishment and/or continuation of the following if developed specifically for youth, high school and/or college students:
  - (a) A bona fide training program;
  - (b) A non-profit summer or youth employment program;
  - (c) A non-profit youth employment program;
  - ~~(e)~~(d) A work-study, volunteer/public service, or internship program.
- (6) The City Administrator will submit a report to City Council two years after the effective date of this Chapter, as first enacted, and every two years thereafter. The report will contain, for the two preceding years, information as to the amount of the increases required by Section 1:815(3), information as to the number of covered employers doing business with the City, and a summary report of all violations of this Chapter.

Section 23. If this ordinance amendment or any portion thereof is held to be invalid by any court of competent jurisdiction, said decision shall not effect the validity of the remaining provisions.

Section 43. This ordinance shall take effect ten days following legal publication.

**As amended by Ann Arbor City Council on February 19, 2008 and April 7, 2008**