



Legislation Text

File #: 12-1405, **Version:** 1

An Ordinance to Amend Sections 1:813, 1:814, 1:817, 1:818, and 1:820 of Chapter 23, Living Wage Requirements in City Contracts and Grants

The City's Living Wage Ordinance, which was implemented in 2001, currently covers all City contractors primarily for the furnishing of services where the total amount of the contract exceeds \$10,000 for any 12 month period. The ordinance as written requires non-profit entities that have contracts with the City for the provision of human services to City residents to pay the living wage to their employees.

Currently, there are 14 City funded non-profit agencies, providing 18 different programs to City residents for a total of more than \$1,000,000.00 in contracted City funds. While the nonprofit community agrees with City policymakers that the philosophical underpinnings of the living wage policy are sound, the unintended consequence of this ordinance as written, along with a very challenging economic environment, have led numerous nonprofit organizations to struggle with its implementation.

Specifically, City of Ann Arbor living wage rates have increased 18% since 2008 (from \$10.33 to \$12.17), while the City's investment in human services has decreased 11% (from \$1.39 million to \$1.24 million) - and at a time when demand for services is increasing steadily and external resources have also seen sharp declines.

For these reasons, the proposed ordinance amendment includes changes in several areas. Because the covered contract amount has not changed since the implementation of the ordinance, the proposed amendment increases the covered contract amount from \$10,000 to \$25,000. This change ties the living wage ordinance amount to the contract amount which requires Council approval, and also reflects general cost increases since the original implementation of the ordinance in 2001.

The proposed ordinance amendment also includes a new exemption for non-profit entities which provide human services to City residents pursuant to a contract or grant with the City. This change will provide the relief necessary to permit the City's non-profit human services providers the economic latitude to continue to provide their much needed services to the City's residents.

Finally, the proposed ordinance amendment reflects a change in the City's organizational structure. The City has not had a Human Rights Office for many years, so the proposed change reflects the current operational process by which the City's procurement officer is responsible for reviewing compliance with the ordinance by City contractors or grantees.

Finally, the proposed ordinance amendment changes the process by which a contractor or grantee may obtain an exemption from the requirements of the ordinance. Currently, such an exemption must be granted by City Council. The proposed amendment places that exemption determination with the City Administrator. This amendment will allow a faster and more efficient evaluation and granting of exemptions for contractor or grantees who meet the specified requirements.

Sponsor: Councilmember Lumm
[\(See Attached Ordinance\)](#)