

# MEMORANDUM

HUMAN RESOURCES MANAGEMENT DEPARTMENT



DATE: March 27, 2009

TO: The Honorable Mayor McLaughlin and Members of the City Council

FROM: Leslie T. Knight, Assistant City Manager/HRM Director

SUBJECT: Richmond Living Wage

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Chapter 2.60.060 of the City's Municipal Code establishes the City's Living Wage and the methodology by which the Living Wage is adjusted annually.

The Living Wage ordinance became effective in 2002 and was established to protect the public health, safety and welfare by requiring that public funds be expended to facilitate self-reliance by employees of City contractors, lessees, recipients of City financial aid and their respective subcontractors.

Among the findings listed in the ordinance are the following:

- 1. Far too many people working in Richmond live below or near the poverty line.*
- 2. Promoting sustenance and Living Wage jobs increases consumer income, decreases levels of poverty, invigorates neighborhood businesses and reduces the need for taxpayer-funded social programs in other areas.*
- 3. A Living Wage promotes the provision of health insurance to employees which in turn, lessens the costs county, state and federal governments incur in providing medical care to the uninsured.*

The Living Wage is applicable to employees employed more than six months in a twelve month period who work for any of the following:

1. A contractor or subcontractor providing contracted services in the amount of \$25,000 or more to the City of Richmond.
2. A recipient of City financial aid
3. A service contractor of a City financial aid recipient
4. A leaseholder of City property

## 5. The City of Richmond

The Living Wage is to be adjusted each January 1 by “the average percent of wage increases embodied within the City of Richmond’s employee labor agreements for the immediately preceding calendar year.” The wage consists of two components: one rate for employers who pay at least \$1.50 per hour toward an employee medical benefit plan and another rate which is \$1.50 per hour higher for employers who do not provide an employee medical benefit plan.

For calendar year 2009, we computed a weighted average of the City union wage adjustments during 2008 and it appears the Living Wage would be adjusted upward by 4.37%. This would raise the wage for employees with medical benefits from \$14.55 to \$15.19 per hour and from \$16.05 to \$16.69 per hour for employees without medical benefits.

If we do not hear from you regarding either an objection to this increase or to otherwise agendaize this item, it is our intent to place this item on the April 21 Consent Calendar with an effective date of January 1, 2009.

cc:

Bill Lindsay  
Randy Riddle  
Department Heads