

COMMUNICATION FROM THE CHAIR AND MEMBER, ECONOMIC DEVELOPMENT COMMITTEE and ORDINANCES FIRST CONSIDERATION relative to amending the Los Angeles Administrative Code (LAAC) to more efficiently administer equal employment practices, affirmative action, non-discrimination practices, equal benefits, First Source Hiring, Service Contract Worker Retention and Living Wage.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. PRESENT and ADOPT the accompanying ORDINANCE dated December 11, 2015, amending LAAC Sections 10.44.1, 10.44.2 and 10.44.8 relating to the First Source Hiring Ordinance.
2. PRESENT and ADOPT the accompanying ORDINANCE dated December 11, 2015, amending LAAC Sections 10.8, 10.8.1.1, 10.8.2, 10.8.3, 10.8.4 and 10.13 relating to the non-discrimination in employment in the performance of city contracts.
3. PRESENT and ADOPT the accompanying ORDINANCE dated December 11, 2015, amending LAAC Section 10.36 relating to Service Contractor Worker Retention.
4. PRESENT and ADOPT the accompanying ORDINANCE dated December 11, 2015, amending LAAC Sections 10.8.2.1(b)(5) and 10.8.2.1(g)(2) relating to the Equal Benefits Ordinance.
5. REQUEST the City Attorney to prepare and present an Ordinance substantially in accordance with draft Ordinance dated December 11, 2015, attached to the Council File, amending the LAAC relating to living wage requirements, as further amended:
 - a. Section 10.37.2(a) to increase the wage for Airport Employees to include the following language: The wage for Airport Employees will increase according to the following unless the annual increase provided in 10.37.2(a)(2) is higher: July 1, 2015 an increase to \$11.33 per hour with health benefits or \$16.26 without health benefit, July 1, 2016 an increase to \$11.68 per hour with health benefits or \$16.73 without health benefit, and on July 1, 2017 an increase to \$12.08 per hour with health benefits or \$17.26 without health benefit. On July 1, 2018 the annual increase will continue as provided in 10.37.2(a)(2).
 - b. Sections 10.37.3(a) and 10.37.2(a) to increase the health benefits for Airport Employees to include the following language: The health benefit cost for Airport Employees will increase as follows unless the annual increase provided in 10.37.2(a)(2) is higher: \$4.93 per hour on July 1, 2015, to \$5.05 on July 1, 2016, and to \$5.18 on July 1, 2017. On July 1, 2018 the annual increase will continue as provided in 10.37.2(a)(2).
 - c. Section 10.37.2(b)(3)(iii) to amend: The DAA may allow an Employer's established compensated time off policy to remain in place even though it does not meet these requirements, if the DAA determines that the Employer's established policy is overall more generous.

- d. Section 10.37.2(b)(3)(v) to amend: After an Employee reaches the maximum accrued compensated time off, an Employer shall provide a cash payment once every 30 days for accrued compensated time off over the maximum. An Employer may provide an Employee with the option of cashing out any portion of, or all of, the Employee's accrued compensated time off, but an Employer shall not require an Employee to cash out any accrued compensated time off. Compensated time off cashed out shall be paid to the Employee at the wage rate that the Employee is earning at the time of cash out.
 - e. Section 10.37.15 (e) to amend: Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to and at the request of an individual Employee who is eligible for benefits under a health plan in which the Employee's spouse, domestic partner or parent is a participant or subscriber to another health plan. An Employee who receives this waiver shall not be entitled to the hourly rate without health benefits pursuant to Section 10.37.2.
 - f. Sections 10.37.2(b)(vi) and 10.37.2(c)(3)(iv) to amend: An Employer may not implement any unreasonable employment policy to count accrued uncompensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.
 - g. Sections 10.37.2(c)(3)(i) and 10.37.2(b)(3)(i) to amend: An Employee must be eligible to use accrued compensated/uncompensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner.
6. INSTRUCT the Bureau of Contract Administration (BCA), with the assistance of the Chief Legislative Analyst (CLA) and City Attorney, to report with the following:
- a. A comparison list of all living wage and minimum wage policies in Los Angeles.
 - b. Options going forward to better align the various policies and ensure that no workers are paid below the Citywide minimum wage rate.

Fiscal Impact Statement: None submitted by the City Attorney or BCA. Neither the City Administrative Officer nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

(Also referred to the Public Works and Gang Reduction Committee)

Summary:

On April 19, 2016 the Chair and one member of the Economic Development Committee considered December 11, 2015 City Attorney and February 22, 2016 BCA reports and Ordinances relative to updates to the City's Living Wage Ordinance and related Ordinances. According to the City Attorney, on November 10, 2015, Council requested the City Attorney to prepare and present Ordinances to make a number of amendments to the LAAC in order to

better administer the Living Wage Ordinance (LWO) and related Ordinances.

According to the BCA, in 1997, Los Angeles became one of the first cities in the nation and the first in California to pass an LWO requiring certain City contractors doing business with the City to pay employees a living wage. As of July 1, 2015, the LWO requires covered employers working at the Los Angeles World Airports (LAX) to pay a wage of \$11.17 per hour with health benefits and \$16.04 per hour without health benefits. The LWO recognizes that the City holds a proprietary interest and genuine stake in the work performed by employees employed by lessees and licensees of City property and by their service contractors and subcontractors at the City's airports.

Previous BCA determinations, as well as several LWO studies, have attributed low wages and lack of health benefit to high turnover rates among airline service workers who have key operational duties such as security and assisting passengers with disabilities. The retention of a qualified and stable workforce is vital to the success of these efforts. In 2009, when the LAX LWO health benefits rate increased to \$4.50, the City was the leader in promoting a health benefit that would cover a family of four.

However, since then, the LAX LWO rates have once again fallen below the industry market rates because the LAX LWO wage and health benefits rate is indexed to the Consumer Price Index. In order to address and equalize the wage and health benefit, the BCA proposes amending the LWO to increase the wage and health benefit for workers at the City's airports covered by the LWO in order to promote the provision of wage and health benefits to eligible airport workers and their families, and continue to provide for annual adjustments to and periodic reviews of the wage rates and health benefit payment to LWO Airport Employees.

Representatives from the BCA and City Attorney presented an overview of the proposed Ordinance amendments and answered questions from the Committee members. After consideration and having provided an opportunity for public comment, the Committee Chair moved to concur with the February 22, 2016 action of the Public Works and Gang Reduction Committee to approve the Ordinances. Additionally, the Committee Chair moved to recommend requesting the City Attorney to draft an Ordinance(s) to further amend the LAAC as detailed above in Recommendation No. 5. Finally, the Committee Chair moved to recommend instructing the BCA, with the assistance of the CLA and City Attorney, to report with the following:

- a. A comparison list of all living wage and minimum wage policies in Los Angeles.
- b. Options going forward to better align the various policies and ensure that no workers are paid below the Citywide minimum wage rate.

This matter is now submitted to Council for its consideration.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "C. ...", is written in black ink below the text "Respectfully Submitted,".

Councilmember Curren D. Price, Jr., Chair
ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	ABSENT
HARRIS-DAWSON:	YES
KREKORIAN:	ABSENT
MARTINEZ:	ABSENT

ARL
4/19/16

-NOT OFFICIAL UNTIL COUNCIL ACTS-