



Office of the City Manager

**37**ACTION CALENDAR

June 30, 2020

*(Continued from June 16, 2020)*

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Lisa Warhuus, Director, Health, Housing and Community Services

Subject: Proposed Amendment to Berkeley's Minimum Wage Ordinance: Berkeley Municipal Code Chapter 13.99

RECOMMENDATION

Adopt first reading of an Ordinance amending Berkeley Municipal Code Chapter 13.99, revising Section 13.99.040 to reinstate the exemption for youth job training programs, and freezing the youth wages at \$14.50 per hour for FY21, then increase the wage annually according to the CPI as will occur with the Berkeley Minimum wage.

FISCAL IMPACTS OF RECOMMENDATION

On July 1, 2019, Berkeley's minimum wage increased to \$14.50 per hour and on July 1, 2020, it will increase to \$15.75. If youth job training programs are not exempted from Berkeley's Minimum Wage Ordinance (MWO), additional funds will be needed to meet the demand for the City's YouthWorks program, operated by the Health, Housing & Community Services Department (HHCS) in FY21, and non-profit agencies that serve youth through training programs will be adversely impacted. Due to COVID-19, the YouthWorks winter and extended programs ended early and as such additional funds for FY2020 are not needed.

CURRENT SITUATION AND ITS EFFECTS

In August 2016 City Council adopted amendments to Berkeley Municipal Code Chapter 13.99, which included eliminating an exemption for youth job training programs from increases in the minimum wage, and setting a separate graduated wage rate for youth job training programs until it reached the City's regular minimum wage rate schedule. Prior to this action, the YouthWorks program had been following the State minimum wage.

In November 2018 staff submitted a recommendation to Council to freeze the youth job training wage rate at \$13.25. Council voted instead to allocate \$86,924 in additional funding for the YouthWorks program for FY2019 and to refer additional allocations of funding to the FY20 budget process. No additional funding for FY20 was added to the program during the FY20-21 budget process and Council set funding for YouthWorks at \$575,270 for FY20 and \$543,725 for FY21.

Adopting this recommendation will also avoid a wage compaction issue, discussed in the Rationale For Recommendation section of this report.

### BACKGROUND

The City of Berkeley YouthWorks program provides year-round access to temporary jobs for youth ages 14-25. The summer and winter programs provide after-school jobs for up to 7 weeks in duration, and transition age youth (aged 18-25) may work up to 6 months provided they are engaged in an academic pursuit, including vocational training. The goal of the YouthWorks program is to provide a variety of employment opportunities that allow participants the opportunity to build their employability skills. In addition to the hands-on training youth receive at their worksites, they also receive training in resume building, workplace skills and financial literacy, and continued staff involvement with the employers throughout the placement to address issues as they arise.

All youth work in City departments and community-based agencies. This spring, YouthWorks and the Berkeley Fire Department will partner on a new Vegetation Management Crew (VMC) program, providing hands-on training for up to five transition-age youth. Although the start of the program has been delayed due to COVID-19, there are at least three participants ready to begin as soon as the YouthWorks program can resume.

Youth work an average of 145 hours in the summer and 80 hours in the winter. They receive paid orientation in addition to paid workplace skills and sexual harassment training. This additional support is typically not provided with regular jobs.

Council first adopted the Minimum Wage Ordinance (MWO) (B.M.C. 13.99) on June 24, 2014. The ordinance exempted job training program participants up to 25 years of age in youth job training programs operated by Non-Profit Corporations or governmental agencies (B.M.C. 13.99.130). Because of the exemption, the city's YouthWorks program adhered to the State of California's Minimum Wage, which is currently \$13 per hour and which will incrementally increase to \$15.00 per hour by January 1, 2022 (for large employers) and thereafter will increase according to the Consumer Price Index (CPI) which has been averaging approximately 3% annually.

On August 31, 2016, City Council amended the Minimum Wage Ordinance (B.M.C. 13.99) to increase Berkeley's minimum wage. The amendment removed exemptions for job training programs for youth.

Other training programs in Berkeley impacted by the Minimum Wage Ordinance include Biotech Partners, Berkeley High School's Workability, Berkeley Youth Alternatives, the Ecology Center's Youth Environment Academy, UC Theatre Concert Career Pathways and Youth Spirit Artworks. Except for the Workability program, the above-named programs receive funding from the City of Berkeley and it is likely that these entities will

need additional funding to accommodate youth wage rate increases. Other jurisdictions have implemented similar exemptions such as the City of Emeryville which has a “learner” exemption that applies to workers of any age. The City of Richmond has exempted their city-operated YouthWorks Program.

This recommendation in no way is meant as a diminishment of the importance of the YouthWorks program and the positive impact participants have in their workplaces. Rather, it distinguishes training programs from other minimum wage jobs which do not have the training and support components integral to our success.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

In addition to the annual financial impacts to the City’s budget, there is concern that the increase will create wage compaction between youth workers and other City workers who may be earning the same wage, but who have more responsibility and a longer tenure than the youth workers. This is especially apparent in the City’s Recreation programs, wherein youth workers would earn the same wage as Playground Leader Trainees starting in FY22, as shown below in Table 2.

**Table 1: Schedule for Berkeley & State Minimum Wage Rates 2020-2023**

	FY20	FY21	FY22	FY23
CA Minimum Wage (26 employees or more) eff. 1/1 of each year	\$13	\$14	\$15	\$15
CoB Minimum Wage eff. 7/01 of each year*	\$15.59	\$16.07	\$16.54	\$17.04
YouthWorks wage rate eff. 7/01 of each year*	\$14.50	\$15.75	\$16.54	\$17.04
Playground Leader Trainee wage	\$15.59	\$16.07	\$16.54	\$17.04
<i>*These wage rates are projections based on CPI increase of 3%.</i>				

YouthWorks does not provide permanent employment for young people. It is a job training program providing soft skills and coaching which is focused on preparing young people to obtain jobs in the regular wage market. Most participants in YouthWorks work up to 7 weeks during the summer or winter months, and earn an average of \$1,416. The goal of the program is to graduate participants into more permanent employment.

ALTERNATIVE ACTIONS CONSIDERED

Council could freeze wages for youth employment programs at \$15.75, the level it is scheduled to reach on July 1, 2020 (FY21). This action would require additional funding for the YouthWorks program for FY21. Council could also take no action and allow the

Berkeley Minimum Wage to increase according to schedule. This will require annual increases to the YouthWorks budget.

CONTACT PERSON

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Attachments:

1: Ordinance – Track changes

2: Ordinance – Clean version

ORDINANCE NO. -N.S.

AMENDING SECTION 13.99.040 OF THE BERKELEY MUNICIPAL CODE  
REGARDING MINIMUM WAGE

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. That Berkeley Municipal Code Sub-Section 13.99.040.C is amended to read as follows:

C.

For the Employer YouthWorks and for job training participants up to 25 years of age in youth job training programs operated by a Nonprofit Corporation or a governmental entity, the Minimum Wage shall remain at \$14.50, and will increase thereafter based on the ~~State of California wage~~ Consumer Price Index-annual increases.

Section 2. Copies of this Ordinance shall be posted for two days prior to adoption in the display case located near the walkway in front of the Maudelle Shirek Building, 2134 Martin Luther King Jr. Way. Within 15 days of adoption, copies of this Ordinance shall be filed at each branch of the Berkeley Public Library and the title shall be published in a newspaper of general circulation.

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