



Office of the City Manager

CONSENT CALENDAR
May 16, 2017

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Paul Buddenhagen, Director, Housing and Community Services
 Subject: Measure E Reserve for Easy Does It's FY 2017 and FY 2018 Minimum Wage Funding Gap

RECOMMENDATION

Adopt two Resolutions:

- 1) Allocating a one-time amount of \$75,000 in Measure E Reserve Funds to Easy Does It's (EDI) existing FY 2017 Contract No. 10003B because of an unforeseen mid-budget-year increase in staff costs due to the on-call worker exemption being removed from the City of Berkeley Minimum Wage Ordinance (MWO); and require that Easy Does It identify a fiscally sound plan to meet the deficit caused by minimum wage requirements.
- 2) Allocating \$75,000 in Measure E Reserve Funds to EDI's FY 2018 allocation to pay for increased staff costs due to the City's MWO while EDI determines a feasible alternative long term solution; and require that Easy Does It identify a fiscally sound plan to meet the deficit caused by minimum wage requirements.

FISCAL IMPACTS OF RECOMMENDATION

EDI is requesting \$75,000 in Measure E reserve funds be added to their existing contract (Contract No. 10003B), bringing the total not-to-exceed amount to \$1,211,881. An additional allocation of \$75,000, is also recommended to cover the cost of salaries through December 31, 2017, from the Measure E reserve. This additional amount would increase the FY18 recommended allocation of \$1,171,370, to \$1,246,370. The \$150,000 would come from the Measure E reserve fund. (Budget code: 018-7902-463-3510). There are sufficient funds in the reserve account to cover this cost. Additional funding for FY 2017 to cover these costs will be added as part of the adoption of the Second Amendment to the FY 2017 Annual Appropriations Ordinance, also being considered on tonight's agenda.

CURRENT SITUATION AND ITS EFFECTS

EDI provides 24/7 emergency services to Berkeley residents who have severe physical disabilities. EDI's current FY2017 contract amount is \$1,136,881. Until recently, EDI's on-call workers received a nominal rate of pay during their on-call hours, but upon active duty would also receive the client co-pay (current co-pay is \$15.00) from service

users as part of their hourly pay. On-call workers were previously exempt under the Minimum Wage Ordinance set forth by the City of Berkeley. EDI entered into a contractual agreement with the City of Berkeley under the assumption that in FY 17 the on-call exemption would remain in the Minimum Wage Ordinance. On August 29, 2016 Council passed a new Minimum Wage Ordinance (No. 7,505-N.S.) where the exemption for on-call workers was removed. This change means that on-call workers in the City of Berkeley must be paid at least minimum wage while they are on-call.

This unforeseen change to the Minimum Wage Ordinance has impacted EDI's personnel costs. EDI reconfigured its pay structure so that as of October all its staff were paid the 2016 minimum wage rate while on-call. To fund the increased wages for the on-call hours, EDI began retaining a portion of the client copay (\$10.00) and staff retains \$4.00, whereas previously staff retained the entire client copay (\$14.00 until March when it was increased to \$15) as part of their hourly wage while on active hours. Even with this redistribution of funds, EDI is experiencing a budget shortfall of \$75,000.

Measure E funds, as outlined in Ordinance No. 6,468-N.S., were established in 1998 for the purpose of raising revenue to provide emergency services and incidental case management for severely physically disabled persons. The City Council sets the tax rate annually through an ordinance and the tax rate is indexed to the greater of either the Bay Area Consumer Price Index or the per capita Personal Income Growth in California. Revenue is raised through a special tax per square foot of property improvements. The current fund balance is sufficient to cover the one-time funding request being made by Easy Does It. The appropriation of the funds will be made in a future amendment to the Annual Appropriations Ordinance.

EDI's current wage and payment structure is not sustainable. EDI is projecting a shortfall of \$172,000 in FY18 and \$200,000 in FY19. Neither the projected Measure E funds for FY18 and FY19 nor the reserve can support this ongoing cost. Therefore, EDI must identify an alternate solution to meet the City's MWO requirements. Examples of alternatives may include, but are not limited to, diversifying its revenue sources to include non-Berkeley funds, redesigning its staffing schedules and/or developing an alternative payment structure.

BACKGROUND

Measure E funds, as outlined in Ordinance No. 6,468-N.S., were established in 1998 for the purpose of raising revenue to provide emergency services and incidental case management for severely physically disabled persons. Revenue is raised through a special tax per square foot of property improvements.

EDI annually prepares a budget based on the projected Measure E funds that the City provides. Prior to FY 2017 on-call workers were exempt under the minimum wage ordinance. Meaning that on-call workers would not make minimum wage while on-call. Operating as a 24/7 on demand service, EDI has a pool of on-call workers at any given

time. EDI schedules the number of on-call workers based on in-house analysis of historical needs for a particular day and time.

Previously, EDI's on-call workers received a nominal pay during their on-call hours, but upon active duty would receive the hourly client co-pay as well as part of their hourly pay. EDI employees were earning \$21.00-24.00 per hour (hourly wage of approximately \$7.00-10.00 plus copay of \$14) while on active duty. With the new minimum wage requirement, EDI has increased the on-call hourly wage to \$12.53, is collecting a portion (\$11.00) of the on-call copay to bridge the deficit, and charging an increased copay of \$15, resulting in staff receiving \$16.53 (\$12.53 minimum wage plus \$4.00 copay) for active duty.

ENVIRONMENTAL SUSTAINABILITY

There are no foreseen environmental impacts.

RATIONALE FOR RECOMMENDATION

EDI is experiencing a budget shortfall directly related to the City's MWO's repeal of the exemption for on-call workers. This recommendation will allow EDI to comply with the City's MWO through December 31, 2017 at which time it will need to implement a permanent solution to meeting the minimum wage requirements. Measure E reserve funds cannot sustain ongoing funding gaps, so it is critical that an alternative is explored and employed during the first six months of FY 18.

ALTERNATIVE ACTIONS CONSIDERED

Without additional funds to fill the FY 17 budget gap, EDI will be faced with either significantly reducing its hours of service (less than 24 hours) or reducing the number of on-call workers at any given time. Both options will likely result in longer response times for persons with disabilities in emergency need situations.

EDI is also requesting that Council reinstate the on-call exemption in the City Ordinance.

CONTACT PERSON

Rhianna Babka, Associate Management Analyst, HHCS, (510) 981-5410

Attachments:

- 1: Resolution allocating a one-time amount of \$75,000 in Measure E Reserve Funds for FY 2017 Contract No. 10003B
- 2: Resolution allocating \$75,000 in Measure E Reserve Funds to EDI's FY 2018

RESOLUTION NO. ##,###-N.S.

MEASURE E RESERVE FOR EASY DOES IT'S FY 2017 MINIMUM WAGE FUNDING
GAP

WHEREAS, in 1998 the City of Berkeley voters passed Measure E to fund emergency services for Berkeley residents with severe physical disabilities; and

WHEREAS, Easy Does It (EDI) is the current provider for critical services to residents with disabilities; and

WHEREAS, under the budgeted FY 2017 contract EDI's on-call workers were previously exempt from minimum wage; and

WHEREAS, on August 29, 2016 Council adopted a new minimum wage ordinance (Ordinance No. 7,505-N.S.) with the on-call worker exemption omitted; and

WHEREAS, the FY 2017 budget allocation does not cover the increase in wages for EDI on-call staff due to the change in minimum wage; and

WHEREAS, EDI has requested \$75,000 in Measure E reserve funds to fill the wage gap; and

WHEREAS, there are funds available in Measure E reserve that can support a one-time budget shortfall of \$75,000 for FY 2017; and

WHEREAS, the FY 2017 requested Measure E funds not to exceed \$75,000 will come out of budget code 018-7902-463-3510 and will be available upon Council adoption of this resolution under the existing EDI Contract No.10003B, CMS No. DAMNK.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to amend Contract No.10003B to fill the unforeseen FY 2017 personnel costs due to a mid budget-year minimum wage requirement for on-call workers, for a total contract amount not to exceed \$2,337,817 A record copy of said contract and any amendments are on file with the Office of the City Clerk.

BE IT FURTHER RESOLVED that Easy Does It identify a fiscally sound plan to meet the deficit caused by minimum wage requirements.

RESOLUTION NO. ##,###-N.S.

MEASURE E RESERVE FOR EASY DOES IT'S FIRST HALF OF FY 2018 MINIMUM WAGE FUNDING GAP

WHEREAS, in 1998 the City of Berkeley voters passed Measure E to fund emergency services for Berkeley residents with severe physical disabilities; and

WHEREAS, Easy Does It (EDI) is the current provider for critical services to residents with disabilities; and

WHEREAS, EDI's on-call workers were previously exempt from minimum wage; and

WHEREAS, on August 29, 2016 Council adopted a new minimum wage ordinance (Ordinance No. 7,505-N.S.) with the on-call worker exemption omitted; and

WHEREAS, the FY 2018 budget allocation does not cover the cost associated with the ongoing increase in minimum wages for EDI on-call staff, without significantly reducing service to the disabled community; and

WHEREAS, \$75,000 in Measure E reserve funds to fill the wage gap will be provided for the first six months; and

WHEREAS, there are funds available in Measure E reserve that can support a one-time budget shortfall of \$75,000 for FY 2018; and

WHEREAS, the FY 2018 requested Measure E funds not to exceed \$75,000 will come out of budget code 018-7902-463-3510 and will be available upon Council adoption of this resolution for the FY 2018 contract; and

WHEREAS, EDI is expected to use the first six months of FY 2018 to identify a long-term solution to meeting minimum wage.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to amend the FY 2018 allocation amount to EDI for emergency services by adding \$75,000 to meet minimum wage requirement for on-call workers for the first half of FY 2018, for a total contract amount not to exceed \$1,246,370. A record copy of said contract and any amendments are on file with the Office of the City Clerk.

BE IT FURTHER RESOLVED that Easy Does It identify a fiscally sound plan to meet the deficit caused by minimum wage requirements.

