



Racial Equity Analysis for Significant Board Items

Board Item Date	10/15/2024
Board Item Name	Consideration of a Periodic Adjustment to the Living Wage Hourly Rate
Department/Agency (Lead)	CAO
<i>If this is an inter-departmental initiative, please identify a lead above.</i>	
Person(s) Completing Analysis	Yvonne Shu

1. Overview: Describe your program or policy and the desired results and outcomes?

- a. What is the program or policy decision under consideration?
- b. What are the desired results (in the **community**) and outcomes (within your own **organization**)?
- c. What does this proposal have an ability to impact?

<input type="checkbox"/> Children and youth	<input type="checkbox"/> Health
<input type="checkbox"/> Community engagement	<input type="checkbox"/> Housing
<input type="checkbox"/> Contracting equity	<input type="checkbox"/> Human services
<input type="checkbox"/> Criminal justice	<input type="checkbox"/> Jobs
<input type="checkbox"/> Economic development	<input type="checkbox"/> Parks and recreation
<input type="checkbox"/> Education	<input type="checkbox"/> Planning / development
<input type="checkbox"/> Environment	<input type="checkbox"/> Transportation
<input type="checkbox"/> Food access and affordability	<input type="checkbox"/> Utilities
<input checked="" type="checkbox"/> Government practices	<input type="checkbox"/> Workforce equity
<input type="checkbox"/> Other _____	

The County’s Living Wage Ordinance (LWO) was implemented in 2016. The County contracts with many businesses and organizations to provide services to the public and provides financial assistance to a variety of entities for the purpose of promoting economic development and job growth.

The purpose of this ordinance is to help low wage workers earn an hourly wage that is sufficient to live with dignity and to achieve economic self-sufficiency. The establishment of a living wage ordinance is one component of a more comprehensive strategy to address poverty in Sonoma County. Whether to enact living wage requirements (typically, via local legislation) is a policy decision at the discretion of local jurisdictions for their communities. Living wage requirements most commonly only apply as a condition of a government contract and are different from minimum wage laws.

The LWO is an important way that the County promotes doing business with contractors

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who support their employees by paying a fair wage. The primary intended result in the community is to increase the well-being of covered employees by ensuring that those individuals receive at least the LWO-established hourly rate and that that rate is periodically reviewed and potentially adjusted to combat inflation and the general rise in the cost of living. The intended outcome for the County is to have a revised LWO hourly rate that addresses the Board's priorities. The County's current living wage rate is \$18.10 per hour and accounts for increases that would have occurred in 2017-2020, based on the methodology outlined in the original LWO.

On June 4, 2024, the Board of Supervisors adopted amendments to the County's LWO, incorporating the following changes:

1. Continue to apply Living Wage Ordinance (LWO) wage rates to County employees, but otherwise remove them from LWO coverage;
2. Exempt emergency contracts;
3. Revise the formula and process for LWO wage rate adjustments;
4. Expand application to include certain lessees, licensees, concessionaires, and other users of County real property except at the Fair;
5. (New) With regard to application of LWO at the Fair:
 - a. Fair temporary/seasonal employees to be paid the living wage rate only,
 - b. Full LWO applicability to Fair lessees and service providers,
 - c. Fair vendors or concessionaires are exempt, and
 - d. Fair permanent employees are exempt.
6. Add a requirement of 12 days paid time off;
7. Add a best-efforts requirement for offering work hours to existing part-time employees;
8. Establish incentives for covered employers to retain existing employees during contract transitions; and
9. Repeal the existing labor neutrality provision contained in the LWO.

Amendment #3 above includes a periodic review and potential adjustment to the Living Wage hourly rate to be conducted every four years, known as a "True Up," to be separate from and in addition to any annual COLA. The proposal offers options for this periodic adjustment, to be effective July 1, 2025.

2. Data: What's the data? What does the data tell us?

- a. Will the proposal have impacts in specific geographic areas (neighborhoods, areas, or regions)? What are the racial demographics of those living in the area?
- b. What does population level data, including quantitative and qualitative data, tell you about existing racial inequities? What does it tell you about root causes or factors influencing racial inequities?
- c. What performance level data do you have available for your proposal? This should include data associated with existing programs or policies.

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- d. Are there data gaps? What additional data would be helpful in analyzing the proposal? If so, how can you obtain better data?

A: The County tracks neither demographic nor geographic data of its contractors' employees, including those covered by the LWO, nor are contractors required to provide employee-level information. However, any increase to the living wage hourly rate would likely impact residents of neighborhoods with lower overall Human Development Index (HDI) scores, comprising health, education, and earnings measures. Per the 2021 update of the Portrait Sonoma, the lowest-scoring HDI census tracts in the county are Rohnert Park B/C/R Section, Bicentennial Park, Comstock, and Roseland.

B: California has one of the nation's highest minimum wages at \$16 per hour, but suffers some of the nation's highest poverty rates due to high living expenses, primarily driven by housing and childcare costs. According to United Way of California's [Real Cost Measure](#), 1 in 3 households in California – over 3.5 million families – do not earn enough to make ends meet. In most major markets in California, workers need to work two full-time minimum wage jobs in order to afford a one-bedroom apartment.¹

While demographics of individuals working on County contracts are unknown, the following information provides a general picture of racial inequities in Sonoma County. With a population of 489,000, the County is 58% White, 29% Latino, 5% Asian/Pacific Islander, and 2% Black.

According to the 2021 update of the Portrait of Sonoma, the County's overall Human Development Index (HDI) score, comprising health, education, and earnings measures, is 6.19 out of 10. The HDI scores for the four largest racial/ethnic groups are: White 6.74, Latino 4.93, Asian 6.86, and Black 3.99. Factors such as access to affordable housing, immigration status, racial discrimination, employment stability and wages, language barriers, access to health care, and education contribute to these disparities.

Data from the 2019 Bay Area Equity Atlas states that Black workers ages 25 to 64 in Sonoma County had the lowest labor force participation rate at 71%, followed by Asian/Pacific Islander at 78%, White at 80%, and Latino at 81%.

The County continues to face multiple disasters, including the 2017 firestorm, Kincadee, Walbridge, and Glass fires, the 2019 fires and floods, the COVID-19 pandemic, and the January 2023 Winter Storms, which have exacerbated these inequities. Broadband access also remains inconsistent and unavailable County-wide due to population, infrastructure, and geographical challenges, further limiting access to health care and education in our increasingly online environment.

¹ <https://sd18.senate.ca.gov/news/senator-padilla-introduces-legislation-create-living-wage-study-and-certify-businesses-living>

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C: The County does not track individual-level employment and geographic data of LWO-covered employers and their staff. However, self-reported data from 400 contractors notified of the 2021 Living Wage hourly increase include 85 employees being affected by the rate increase, resulting in an \$83,000 increase in contract expenditures.

D: The County does not track individual employment and geographic data of its contractors, including LWO-covered employers and their staff, nor are contractors required to provide such information. Any requirement for collecting and maintaining individual-level data would likely be seen as burdensome by LWO-covered contractors. Staff consulted other counties that have LWOs to understand how they measure the benefits, and they also do not track data at an individual level.

3. Community Engagement: How have communities been engaged? Are there opportunities to expand engagement?

- a. Who are the most affected community members who are concerned with or have experience related to this proposal? How have you involved these community members in the development of this proposal?
- b. What has your engagement process told you about the burdens or benefits for different groups?
- c. What has your engagement process told you about the factors that produce or perpetuate racial inequity related to this proposal?

A: While working on amendments to the LWO, staff met with representatives from the North Bay Labor Council (NBLC), who shared their experience working with other jurisdictions on their respective living wage ordinances. In January 2022, staff sent a survey to County contractors regarding the hourly increase notification and conducted interviews with several CBOs and contractors under blanket purchase orders (BPO). Additionally, in conjunction with the Economic Development Board, a survey was sent to the local business community. Many community-based organizations (CBOs) report that they generally pay above the County's LWO rate due to the cost of doing business in Sonoma County.

More recently, staff had conversations with several CBO's regarding the potential true-up. Should their contracts not be able to accommodate any significant increase to the living wage rate, their contracts with the County would need to be amended.

B: The BPO's and CBO's interviewed are already paying above the living wage rate in order to hire qualified staff in today's labor market. An increase to the County's hourly living wage rate above and beyond the regularly occurring CPI adjustment could impact CBO's providing services to the County and which are funded by fixed funding from the state or other sources.

C: The County does not track individual-level employment and geographic data of its contractors, so it lacks the granular data needed to understand how or if the Living Wage

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Ordinance affects local residents, and specifically workers of color. Requiring individual-level demographic information from contractor employees is a policy decision that extends beyond the LWO.

4. Analysis and Strategies: What are your strategies for advancing racial equity?

- a. Given what you have learned from research and stakeholder involvement, how will the proposal increase or decrease racial equity? Who would benefit from or be burdened by your proposal?
- b. What are potential unintended consequences? What are the ways in which your proposal could be modified to enhance positive impacts or reduce negative impacts?
- c. Are there complementary strategies that you can implement? What are ways in which existing partnerships could be strengthened to maximize impact in the community? How will you partner with stakeholders for long-term positive change?
- d. Are the impacts aligned with your community outcomes defined in Step #1?

A: LWO-covered contractors' employees who live in Sonoma County and whose pay is at the living wage level could benefit from this periodic review and increased awareness of the ordinance. Current or prospective County contractors, especially smaller ones, might find an hourly rate burdensome from a budgetary and competitive perspective. It is unknown whether this rate adjustment would definitively increase or decrease racial equity, given the previously outlined lack of data, but any increase in hourly wages would have a positive benefit on the recipient employee.

B: An hourly rate adjustment will likely increase overall contract amounts for the County and may especially impact smaller businesses and CBO's.

C: Staff is optimistic that eventual procurement process improvements will benefit both departments and contractors and will help to provide basic LWO data. Continued education and communication strategies regarding the LWO will help ensure that local businesses and CBOs view the County as a welcoming place to do business.

D: Yes

5. Implementation: What is your plan for implementation?

Describe your plan for implementation:

If the Board decides to apply a periodic increase to the living wage hour rate, staff will return with a Resolution as a Consent Item, after the release of the October 2024 CPI-U, to stipulate the new rate, to be effective July 1, 2025. Staff anticipates this Resolution would be brought to the Board in January 2025.

Is this implementation plan:

Yes

No

I'm Not Sure

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Realistic?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequately funded?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequately resourced with personnel?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequately resources with mechanisms to ensure successful implementation and enforcement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequately resourced to ensure on-going data collection, public reporting, and community engagement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><i>If the answer to any of these questions is no, what resources or actions are needed?</i></p> <p>Implementation of any new processes or changes for regarding the Living Wage's new hourly rate, if approved by the Board, may require additional staff, depending on the level and requirements of the change.</p>			

6. Accountability and Communication: How will you ensure accountability, communicate, and evaluate results?

- a. How will impacts be documented and evaluated? Are you achieving the anticipated outcomes? Are you having impact in the community?
- b. What are your messages and communication strategies that will help advance racial equity?
- c. How will you continue to partner and deepen relationships with communities to make sure your work to advance racial equity is working and sustainable for the long-haul?

A: Since the County does not track individual-level employment and geographic data of its contractors, it lacks the granular data needed to understand how or if the overall LWO affects residents. The County enforces the LWO through language in its contract agreements, but there is no mechanism to evaluate its direct impacts.

B: Should a periodic adjustment be approved, internal and external stakeholders will be notified of the increase via the County's Living Wage webpage, documentation in the procurement/contracting process, and basic FAQ's prepared for County departments.

C: Should there be any future, significant change(s) to the County's LWO, staff will seek input from departments, CBO's and the North Bay Labor Council, if applicable.