



## COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

### SUMMARY REPORT

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**Agenda Date:** 12/6/2022

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**To:** Sonoma County Board of Supervisors  
**Department or Agency Name(s):** County Administrator's Office  
**Staff Name and Phone Number:** Yvonne Shu 565-1739  
**Vote Requirement:** Majority  
**Supervisory District(s):** Countywide

**Title:**  
2022 Living Wage rate increase

**Recommended Action:**

- A) Adopt a resolution to increase the living wage hourly rate by 2.74%, for the required living wage rate to now be \$17.25 per hour.
- B) Direct staff to consider further actions to increase the rate in relation to Board approval of revisions to the living wage ordinance. ☐
- C) Delegate authority to all department heads, the Purchasing Agent, and the County Administrator, to execute amendments and other contract instruments, in form approved by County Counsel, if needed, ☐ to effect the wage increase as to existing covered transactions and contracts, including to the extent any increased contract not to exceed amounts or payments for services exceed existing delegations or Board-approved amounts.
- D) Authorize Human Resources staff to offer to meet and confer with affected labor organizations, if necessary, based on the adjusted living wage rate, to implement any needed job classification salary adjustments to be consistent with the adjusted living wage rate. ☐

**Executive Summary:**

The County's current living wage ordinance ("LWO") states that any increase to the hourly rate is not to exceed the lesser of the annual increase in cost of living as measured by the Consumer Price Index or the cost-of-living adjustment (COLA) granted to County employees. On November 10, 2022, the Department of Labor's Bureau of Labor Statistics released its October 2022 Consumer Price Index for All Urban Consumers (CPI-U) of 6.00%. The most current COLA for the majority of County employees was implemented earlier in 2022 and is 2.74%.

Today's actions would increase the hourly living wage rate from \$16.75 to \$17.25 per hour, based on the 2.74% County employee COLA, and would be effective for new contracts and transactions as of January 1, 2023 and phased-in for existing contracts and transactions by no later than March 31, 2023. Staff will return to the Board to revisit this wage rate after the Board has approved revisions to the LWO, which is expected to occur no later than March 31, 2023. Today's actions would also authorize Human Resources to offer to meet and confer with affected labor organizations, if necessary.

**Discussion:**

The County's LWO went into effect on January 1, 2016. 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. □

### **Current Ordinance**

The LWO calls for annual review of the living wage rate, which considers 1) the change in the cost of living indicated by the October Bay Area CPI-U published by the Department of Labor's Bureau of Labor Statistics; 2) the COLA granted to Sonoma County employees; and 3) the economic health of the County and economy in general. Pursuant to the LWO, a living wage rate adjustment shall be adopted by Board resolution. The LWO also states that any increase to the LWO rate is not to exceed the lesser of the annual increase in cost of living as measured by the CPI-U or the COLA granted to County employees.

The LWO allows for credits or "discounts" to the hourly rate, as follows:

- Credit of \$1.50 off the hourly rate, if a covered service contractor contributes to their employees' health care benefits or retirement plan;
- Credit of \$3.00 off the hourly rate, if a covered service contractor contributes to their employees' health care benefits and retirement plan.

On November 10, 2022, the Department of Labor's Bureau of Labor Statistics released its October 2022 Consumer Price Index for All Urban Consumers (CPI-U), which is 6.00%. The most current COLA for the majority of County employees was implemented earlier in 2022 and is 2.74%. The County employee COLA currently serves as one of the upper limits to any COLA adjustment to the living wage rate.

The County has recently begun the bargaining cycle with all labor organizations, and typically the agreements with labor organizations will have COLA as part of the successor labor agreements. The County will not know the outcome of bargaining for several months into 2023.

More importantly, during the Board's October 18, 2022 discussion of proposed revisions to the LWO, the Board directed staff to modify the language for calculating the living wage COLA to adopt an automatic, annual adjustment, based on the same rate as the October CPI-U, but with a specified cap on the increase. Additionally, the County would have the discretion to decide against an increase in any given year, and the effective date for any rate change would move from January 1 to July 1.

### **Cost of Living Adjustment (COLA) Recommendation**

The inflationary pressures in the economy create a unique situation to consider for a 2022 living wage COLA. Staff is recommending that the Board adopt a resolution to increase the living wage hourly rate by the 2022 COLA granted to County employees of 2.74%, per the provisions of the current living wage ordinance, with direction to staff to revisit this rate after the Board has approved revisions to the LWO. Staff expects to return to the Board with proposed revisions to the LWO by March 31, 2023.

With a 2.74% adjustment, the living wage hourly rate will change from the current \$16.75 to \$17.25 per hour effective January 1, 2023.

Similar to 2021, staff is recommending a two-step implementation of the living wage rate increase. For new contracts and LWO-covered transactions entered into on or after January 1, 2023 (including any extensions or amendments of any existing covered transactions), the increased rate would apply. As for existing contracts

and LWO-covered transactions/employers, a temporary phase-in period is recommended through March 31, 2023, to allow time for implementation considerations, such as noticing and any needed contractual amendments. The phase-in period will serve to mitigate any impacts related to the increase, both as to existing contractors and covered employers and for County personnel in implementing and managing contracts.

The expected timing for implementing the 2.74% COLA is as follows:

- January 1, 2023: effective date for new contracts and transactions
- March 31, 2023: phase-in date/deadline for existing contracts and transactions
- March 31, 2023: expected date by which staff will bring LWO revisions back to the Board
- April 2023: revisit COLA
- July 1, 2023: anticipated effective date of any additional COLA

#### **Authorization for HR to Offer to Meet and Confer with Labor**

The LWO currently applies to most County of Sonoma employee positions. Human Resources will evaluate which, if any, job classes need salary scale adjustments based on the Board-approved COLA, and today's action provides the authority to meet and confer with labor organizations, if needed. □

#### **Strategic Plan:**

N/A

#### **Prior Board Actions:**

10/18/22 Received recommendations from the Living Wage Ad Hoc on proposed changes to the Living Wage Ordinance

12/14/21 Adopted resolution to increase the living wage hourly rate to \$16.75 and approved Living Wage Ordinance work plan

9/21/21 Directed staff on areas of further analysis and evaluation for the Living Wage Ordinance

#### **FISCAL SUMMARY**

##### **Narrative Explanation of Fiscal Impacts:**

There will be an expected increase in those living wage covered County contracts affected by the living wage COLA increase. Last year's increase, from \$15.00 to \$16.75 per hour, resulted in approximately \$100,000 in increased contract costs, based on information received from departments and contractors. Most contractors are already paying above the County's living wage rate.

##### **Narrative Explanation of Staffing Impacts (If Required):**

N/A

#### **Attachments:**

1 - Resolution

#### **Related Items "On File" with the Clerk of the Board:**

N/A