



## SUMMARY REPORT

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**Agenda Date:** 3/21/2023

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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:**

Additional Increase to Living Wage Rate

**Recommended Action:**

- A) Adopt a Resolution introducing, reading the title of, and waiving further reading of an uncoded ordinance to except certain requirements under the County's existing Living Wage Ordinance and to allow for an increase to the living wage hourly rate by 2.26%, for the required living wage rate to be \$17.65 per hour, effective July 1, 2023. (First Read)
- B) Authorize Human Resources staff to offer to meet and confer with affected labor organizations, if necessary, to implement the proposed increase.

**Executive Summary:**

To get closer to bridging the gap between the 2022 employee cost of living adjustment (COLA) of 2.74% and the October 2022 consumer price index for all urban consumer (CPI-U) of 6.00%, staff is proposing a supplemental COLA increase to increase the hourly living wage rate from \$17.25 to \$17.65 per hour. This would be the second increase to the living wage rate in six months. If today's recommendation is approved, the total LWO COLA adjustment for 2023 will be 5.00%. To increase the rate to the proposed amount and have it apply this year, certain requirements under the existing Living Wage Ordinance ("LWO") must be excepted. The proposed ordinance would provide for a one-time exception to those LWO requirements. Today's actions would also authorize Human Resources to offer to meet and confer with affected labor organizations, if necessary.

**Discussion:**

The County's Living Wage Ordinance (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. □

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.

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 Consumer Price Index for All Urban Consumers (CPI-U) published by the Department of Labor's Bureau of Labor Statistics; 2) the Cost of Living Adjustment, or 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 preceding year's increase in cost of living as measured by the October CPI-U or the COLA granted to County employees.

The Department of Labor's Bureau of Labor Statistics' October 2022 Bay Area Consumer Price Index for All Urban Consumers (CPI-U) in the Bay Area is 6.00%. The 2022 COLA for the majority of County employee negotiated labor agreements is 2.74%.

### **Approved 2023 Living Wage Increase**

On December 6, 2022, your Board approved an increase to the hourly living wage rate from \$16.75 to \$17.25 per hour, effective January 1, 2023. The increase was based on the 2022 COLA granted to most County employees of 2.74%. Your Board also cited the unique inflationary pressures of the past year as an urgent reason to revisit this rate for an additional increase.

### **Proposed Additional Increase to Living Wage COLA**

Staff is proposing the following supplemental living wage rate increase, which would get closer to bridging the gap between the 2022 employee COLA of 2.74% and the October 2022 CPI-U of 6.00%. If today's recommendation is approved, the total LWO COLA adjustment for 2023 will be 5.00%.

#### **1. Approve an additional COLA increase of 2.26%, bringing the hourly living wage rate to \$17.65, effective July 1, 2023.**

- The outcome of the bargaining cycle with labor organizations may not be finalized for several months yet. The County has discussed a 5.00% COLA increase with Service Employees' International Union Local 1021 (SEIU), which is the County's largest union and represents job classes most likely to be affected by any increase to the living wage rate. The 2.26% proposed increase to the LWO rate represents the difference between the already approved increase of 2.74% and the 5.00% proposal with SEIU. Published negotiations updates can be viewed at <https://sonomacounty.ca.gov/seiu-negotiations-public-update-x123334>
- As part of the separate effort to consider certain amendments to the LWO, Board majority last October approved a proposal to move the effective date of any rate increase from January 1 to July 1. Implementing the additional increase now would mitigate a potential 18-month gap between the January 2023 increase, and, should updates to the LWO provisions be approved, any increase in July 2024.
- This additional increase will again require departments to notify their current contractors and to execute contract amendments as needed.

#### **2. To increase the living wage COLA an additional 2.26% for a total of 5.00% in 2023, an exception to certain existing LWO requirements is needed.**

- Proceeding with the proposed increase to the living wage rate will require an exception to certain Living Wage Ordinance requirements stated in Sonoma County Code Sec. 2-377(d), which states that "any adjustment made to the minimum hourly living wage shall not exceed the lesser of the annual

increase in cost of living as measured by said Consumer Price Index or the cost of living increase granted to all county employees.” That same Section also requires that any wage rate increase become effective on January 1 of any given year, along with requiring the increase to be adopted via Board resolution.

- The 2022 COLA granted to most County employees is 2.74%. Your Board increased the living wage hourly rate by 2.74% to \$17.25, effective January 1, 2023. Today’s action would increase the living wage rate again and rely on the 5.00% discussed with SEIU, rather than the “cost of living increase granted to all county employees.”
- The proposed effective date of this additional increase is July 1, 2023, different from the current January 1 requirement under the LWO.
- Today’s proposed ordinance is intended as a one-time exception based on the extenuating circumstances of the recent, extreme inflation and other economic factors in the local area. As such, the proposed ordinance will be uncodified. The existing, published LWO (Sonoma County Code sections 2-373 et seq.) will not be amended and will remain as is.

The County is currently in 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 does not expect to know the outcome of bargaining for several months still.

#### **Next Steps**

Should this proposal advance, staff will return to your Board for a second read of the proposed ordinance in April or May, with an effective date of the additional wage rate amount to be July 1, 2023.

The expected timing for implementing the additional 2.26% COLA is as follows:

- July 1, 2023: effective date for new contracts and transactions
- September 30, 2023: phase-in date/deadline for existing contracts and transactions

For new contracts and LWO-covered transactions entered into on or after July 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 September 30, 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.

#### **Authorization for Human Resources 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

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**Prior Board Actions:**

12/6/22 Adopted resolution to increase the living wage hourly rate by 2.74% to \$17.25

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 County contracts covered by the LWO, although the variability in covered contracts and who is covered make it challenging to quantify what that amount would be. The increase in 2022, 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:**

Resolution

Ordinance

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

N/A