



Legislation Text

File #: 2021-0563, **Version:** 1

To: Sonoma County Board of Supervisors

Department or Agency Name(s): County Administrator's Office, General Services Department

Staff Name and Phone Number: Yvonne Shu 565-1739, Caroline Judy 565-8058

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Review of the Living Wage Ordinance

Recommended Action:

Direct staff on potential next steps and any areas of further analysis and evaluation with respect to the Living Wage Ordinance

Executive Summary:

The Board of Supervisors adopted the County's Living Wage Ordinance in 2015. This item summarizes the County's implementation of the Living Wage Ordinance and brings the discussion of the Ordinance back to the Board for consideration of any next steps with regard to the Ordinance.

Discussion:

In December 2015, the Board of Supervisors adopted the County's Living Wage Ordinance (LWO), which established a \$15 per hour base hourly wage, effective July 1, 2016, for County employees, for-profit contractors, and economic development assistant recipients (**Attachment 1**). A gradual implementation path for non-profits was also established, with a July 1, 2019 effective date of \$15 per hour (without benefits) for non-profits. The establishment of the LWO was the culmination of a series of meetings, including town halls and discussions with community partners, and represented an important facet of the Board's commitment to poverty reduction strategies.

The County's General Services Department (GSD) is responsible for many of the elements of the LWO process, through contract procurement and management, either undertaken or overseen by the GSD Purchasing Division. GSD's Purchasing Division, with assistance from the County Administrator's Office, County Counsel and the Information Systems Department, have implemented a series of measures to ensure LWO compliance by all subject contractors. These measures include:

- Process requirements for submission of required materials and information as part of general contracting processes (see, for example, the Living Wage Solicitation Form (**Attachment 2**);
- Award of weighting preferences to contractors with local workforces (as required by the LWO); and
- Employer completion and certification of LWO-specific information (see Living Wage Supplier Questionnaire (**Attachment 3**) before contracts are finalized.

Additionally, County procurement and contracting templates and other materials were updated to include the provision that makes LWO compliance a material term of every awarded contract, and that failure to comply may result in contract termination and other legal and administrative remedies.

Through implementation of the LWO, and working with a wide variety of vendors, suppliers, and non-profits for the past several years, lessons have been learned as to LWO administration and compliance measures. Improvements and changes have been suggested by internal and external stakeholders, and areas for continued efficiencies have been identified. These areas include process improvements, amended scopes and eligibility criteria, and compliance data and monitoring changes. Depending on Board direction, these ideas for potential improvement could be brought back to your Board in further detail, with analysis and recommendations as to options.

The data collected in the Living Wage Supplier Questionnaire form the basis of the annual living wage report. The most recent living wage report (**Attachment 4**), covers calendar years 2018, 2019 and 2020. There were 4,369 service contracts entered into the database by the County and its agencies, broken out as follows:

	Number of contracts	Total value of contracts
2018	1,291	\$213,347,351
2019	1,708	\$276,591,834
2020	1,370	\$301,646,437

It is important to note that the above data reflects total amounts of services contracts. Service provider entity profile information, LWO data and questionnaires are obtained for every services contract, regardless of employer profile or contract dollar amount. However, LWO only applies to a portion of those contracts; the LWO is only triggered, for example, for employers with more than five employees, and for contract values over \$25,000 annually.

GSD is working to expand reporting capability of the existing database (called OnBase) that currently houses services providers' living wage data. Bidders and proposers provide additional information through the OnBase database prior to final contract award. Information that could be obtained and subsequently reported after this expanded capability is implemented would include the number of employees, lowest hourly rate paid, and whether employees receive paid health insurance or retirement benefits. Staff note that further customization of the OnBase software has not been budgeted, and that the cost for further modification would need to be estimated for Board consideration.

Section 2-377(d) of the County of Sonoma LWO states that the County Administrator or designee shall annually review the living wage and determine whether to recommend adjustments to the living wage. Criteria to be considered, including cost of living increases, are outlined in the LWO. The current County living wage is \$15. The Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco Bay Area is one of the influencing factors for considering a change to the County's living wage. According to a July 13, 2021 news release from the Bureau of Labor Statistics (**Attachment 5**), the CPI-U has advanced 3.2 percent during the June 2020 to June 2021 time period.

Additionally, on January 1, 2022, the California state minimum wage will increase from \$14 to \$15 per hour for employers with 26 employees or more. On January 1, 2023, the \$15-per-hour minimum wage will also apply to employers with less than 26 employees.

Bay Area counties with LWO's include San Francisco, Santa Cruz, Marin, Santa Clara and Sonoma, according to U.C. Berkeley's Labor Center's list of [California City and County Living Wage Ordinances](https://laborcenter.berkeley.edu/california-city-and-county-living-wage-ordinances/) [<https://laborcenter.berkeley.edu/california-city-and-county-living-wage-ordinances/>](https://laborcenter.berkeley.edu/california-city-and-county-living-wage-ordinances/).

Several stakeholder groups have recently submitted requests, with materials in support, for your Board to consider further areas to explore regarding the LWO. North Bay Jobs with Justice and the North Bay Labor Council have provided a list of proposed changes to the LWO for consideration (**Attachment 6**). The groups have also provided summaries of LWO provisions that compare the County's LWO to selected other counties and local municipalities (**Attachments 7 and 8**), and an analysis of potential cost increases to Sonoma County if various changes were made to the LWO (**Attachment 9**).

After five years and a successful implementation process, the County and its partners have gained experience with the LWO. However, recent local disasters and the global pandemic have led to many profound socioeconomic developments in the county. Re-evaluation of the LWO may serve to ensure its purposes and goals are still being achieved and in the best and most appropriate way.

Staff requests your Board's direction regarding which, if any, areas of inquiry to pursue, what further information to develop, and/or what proposals or amendments to analyze for further recommendation. Areas for evaluation could include:

- Recommendations on types of data to be used for the living wage report, and what system improvements, if needed, would be needed to get to this data;
- Impacts of LWO on County contracting costs since implementation;
- Proposed increases to the living wage rate; and
- Consideration of the new, expanded LWO components outlined by stakeholders, including the North Bay Jobs with Justice and the North Bay Labor Council lists.

In addition, should your Board desire analysis and evaluation of potential changes to the LWO, staff will bring back a future agenda item with a request for contingencies and a proposed timeline for the effort.

Prior Board Actions:

12/15/15 Adoption of the Living Wage Ordinance

12/8/15 Introduction and first reading of the Living Wage Ordinance

FISCAL SUMMARY

Narrative Explanation of Fiscal Impacts:

None

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

- 1 - Living Wage Ordinance
- 2 - Living Wage Solicitation Form
- 3 - Living Wage Supplier Questionnaire
- 4 - Living Wage Summary Report 2018-2020
- 5 - Bureau of Labor Statistics: San Francisco Area Consumer Price Index July 2021 News Release
- 6 - North Bay Jobs with Justice and North Bay Labor Council: Proposed Changes to the Living Wage Ordinance
- 7 - North Bay Jobs with Justice and North Bay Labor Council: Living Wage Comparison for Six California Counties
- 8- North Bay Jobs with Justice and North Bay Labor Council: Living Wage Comparison for Sonoma and Santa Clara Counties, and the Cities of Sebastopol, Sonoma and Petaluma
- 9-UM Amherst PERI Cost Estimates of Strengthening Sonoma County's Living Wage Ordinance

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

None