



Legislation Text

File #: 2021-1104, **Version:** 1

To: Sonoma County Board of Supervisors

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

Staff Name and Phone Number: Yvonne Shu 565-1739, Christel Querijero 565-7071

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

8:45 A.M. Proposed Living Wage rate increase and Living Wage Ordinance work plan

Recommended Action:

- A) Consider proposed living wage rate increase;
- B) Adopt resolution to increase the living wage rate to \$16.75 per hour, effective as of January 1, 2022, and with phase-in to apply to existing covered transactions and contracts by April 1, 2022;
- C) Delegate authority to County Administrator to waive and further extend time for the phase-in for the proposed increase, based on consideration in the public interest of business, fiscal, and administrative impacts, effective noticing, and other implementation factors related to the increase;
- D) 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 affect 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;
- E) Authorize Human Resources staff to offer to meet and confer with Service Employees International Union (SEIU), with the goal of implementing job classification salary adjustments to be consistent with the adjusted living wage rate at the earliest possible pay period, upon completion of the meet and confer process;
- F) Consider proposed Living Wage Ordinance work plan.

Executive Summary:

The County's Living Wage Ordinance (LWO) went into effect on January 1, 2016. Today's review of the hourly living wage rate is the first since adoption of the ordinance, with a proposal to increase the current \$15.00 per hour rate to \$16.75 per hour. On September 21, 2021, the Board identified areas of the LWO for further analysis, in anticipation of potential changes to the LWO itself in 2022.

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 LWO calls for annual review of the living wage rate, to consider the fiscal and economic factors of the cost of living increase indicated by the Bay Area Consumer Price Index for all urban consumers (CPI-U), any cost of living adjustment (COLA) granted to employees, and the general economic health of the County and economy in general. Pursuant to the LWO (Section 2-377(d)), a living wage rate increase shall be adopted by Board resolution. Any increase to the LWO rate is not to exceed the lesser of the annual increase in cost of living as measured by the Consumer Price Index or the COLA granted to County employees.

The County has not regularly reviewed the hourly living wage rate since the ordinance was established, primarily due to lack of staffing capacity and the priority of addressing recent major disasters. On September 21, 2021, an LWO review report was brought to the Board so that staff could update the Board on LWO implementation to date and to receive direction on any next steps for the LWO. At that review, your Board indicated that the immediate priority is to evaluate and implement an increase to the hourly living wage rate as soon as feasible, followed by further analysis and potential changes to the LWO itself.

Proposed Hourly Rate Increase

Acknowledging limitations in accessible data and staffing, but also proceeding with the Board's direction to pursue an hourly rate increase (even if only with rough estimates of the financial impact to the County), staff proposes an increase to the hourly living wage rate from \$15.00 to \$16.75 per hour. Using the Association of Bay Area Governments (ABAG) annual average Bay Area Consumer Price Index from 2017-2020 and the Service Employees International Union COLA increase from 2017-2021 (mandated under the LWO as the upper limits), staff arrived at an hourly rate of \$16.72, and rounded up to \$16.75. This amount aligns with the amount proposed by North Bay Jobs with Justice, in their September 7, 2021 memo (**Attachment 2**), in which the regional CPI and COLA increases between 2016 and 2020 were utilized, with the lesser of these two being applied, to arrive at \$16.69, then rounded up to \$16.75.

Impact to County

Given staffing and time limitations, staff was unable to conduct an in-depth analysis of the potential impact of an hourly wage increase for your Board's consideration today. However, General Services (GSD) provided an estimated impact to existing blanket purchase orders (BPO's) and existing contracts managed by their department, resulting in an estimated annual increase of \$542,000 as to GSD-managed contracts. This amount was calculated using the department's estimated annual contract spend in FY 2020-21 of \$3.8 million. These BPO's and contracts include janitorial, fleet repairs, auto parts, targeted grazing, sanitation services, veterans building management, and security services. GSD continues to work to expand the reporting capability of the software systems that contain service providers' living wage data, which will help with future analysis. Additional impacted department contracts likely include those of Health Services, Human Services and Sheriff Detention; however, the financial impacts as to those contracts are yet to be estimated or determined.

Implementation Recommendations

Due to contract administration burdens, uncertainty over cost and full impacts, mitigation of costs and potential economic hardship to existing contractors and covered employers, and other implementation and fiscal considerations, staff recommends a two-step implementation of the living wage rate increase. For new contracts and LWO-covered transactions entered into on or after January 1, 2022 (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, 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. Moreover, delegated authority to extend the implementation phase-in is recommended, to allow for additional time if needed to accommodate business and County circumstances as they develop over the first few months of the increase.

Authorization for HR to Offer to Meet and Confer with Labor

The LWO also applies to most County of Sonoma employee positions. Should your Board approve the recommended rate, there are a small number of job class salary scales that would need to be adjusted to reflect the new rate. Human Resources requires Board authorization to offer to meet and confer with SEIU regarding a few job classifications, for which the starting hourly rate is currently below \$16.75.

Work Plan Elements

At the September 21, 2021 review, your Board identified areas of the LWO separate from the COLA increase for further analysis, with an estimate of potential revision to the LWO in late 2022. North Bay Jobs with Justice and the North Bay Labor Council previously provided a list of proposed changes to the LWO (**Attachment 3**). Their proposed changes, direction from the Board, and work plan elements, are summarized as follows:

Include paid sick leave provision that provides 12 paid sick days and personal leave days (and 10 unpaid) to all covered employees. (NBJJ/NBLC proposal)

Board majority indicated that they would like to analyze this proposed change. Staff would need to examine feasibility and impacts to service providers and contracts, including what is in effect now, especially for part-time employees. This proposed change is especially relevant given the Covid pandemic.

Include a provision that requires County contractors to offer more hours to part-time employees who so request prior to hiring new part-timers. (NBJJ/NBLC proposal)

While some concerns about implementation were expressed, the Board supported the intent of this proposed change as a way to discourage suppliers from exclusively hiring part-time employees for the primary purpose of cost savings. The Board would like to explore other options and language to achieve the same intent. Staff would also need to explore the feasibility of this for part-time County employees.

Revise the Employee Retention section (Section 2-386), such that all qualified workers employed by the previous contractor must be retained by a new contractor for sixty days. If the new contractor does not have enough positions to retain all workers employed by the previous contractor (who request continued employment) then the contractor shall hire back laid-off employees by seniority. (NBJJ/NBLC proposal)

Board majority wanted to explore this further and to examine feasibility and impact to service providers and contracts.

Include a “responsible bidder” provision. (NBJJ/NBLC proposal)

Board majority also wanted to understand how this provision, currently implemented via procurement qualifications mechanisms and as stated in 2-380(d) of the LWO, could potentially be bolstered. Staff would need to examine comparable provisions in other jurisdictions and understand the impacts (including as to procurement and potential bidder protest/appeal burdens) of changing the current language.

Approve a COLA for four years (2019-2022) for all covered employees (NBJJ/NBLC proposal)

Board majority wanted an increase to the hourly living wage implemented as highest priority. Staff is proposing a COLA today utilizing CPI increases from 2017-2020; further analysis of impacts to the County budget is needed.

Amend Section 2-380 (contractor certification and eligibility) to require that the county develop model language for notices to be posted (in English and Spanish) at contractor worksites and distributed by contractors to covered employees. (NBJJ/NBLC proposal)

Strong support from the Board majority for model language notification. This will be one of the more straightforward elements to implement, although County staff burdens and departmental costs need to be better understood.

Expand coverage of employees to include county contractors, concessionaires, franchisees, and lessees at the county airport and the county fair. (NBJJ/NBLC proposal)

Application of the LWO to the listed fair and airport situations was considered for inclusion when the LWO was initially adopted, but was ultimately decided against. The Board indicated it would like to revisit this topic in depth, with a thorough analysis.

LWO enforcement (County proposal)

The Board voiced strong support for developing a way to better enforce the LWO, beyond the current self-attestation process and complaint-driven enforcement approach. This will likely require additional staff, consideration of methodology and logistics, and potentially new technology.

Should your Board continue to direct that the above proposals continue to be considered for staff recommendation, then staff will work with other departments (and potentially other resources) to ensure that all proper legal, fiscal, and other relevant analysis will also be conducted. Reports and recommendations resulting from such will be presented to your Board as needed and appropriate. The County Administrator's Office will coordinate a staff report on all of these items, with a target date of September 20, 2022, for a Board workshop. Based on direction from the workshop, a revised ordinance would be prepared and brought to the Board for adoption, tentatively prior to the end of 2022.

Strategic Plan:

N/A

Prior Board Actions:

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

FISCAL SUMMARY

Narrative Explanation of Fiscal Impacts:

As previously mentioned, staff was unable to complete an in-depth analysis of the potential impact of an

hourly wage to the County for today's meeting. However, General Services (GSD) provided an estimated annual impact to existing blanket purchase orders (BPO's) and contracts managed by their department of \$542,000, on the department's estimated annual contract spend in FY 2020-21 of \$3.8 million. This estimated amount is the minimum cost to the County, with additional increases expected upon further analysis, especially as increased contracting amounts are examined in departments whose contracts are likely affected, such as those of Health Services, Human Services and Sheriff Detention. The hourly wage increase would increase departmental service contract budgets and increase the County's overall operating budget, with the greatest impact likely on the General Fund.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

- 1 - 2015 Living Wage Ordinance
- 2 - North Bay Jobs with Justice and UM Amherst PERI Cost Estimates of Strengthening Sonoma County's Living Wage Ordinance
- 3 - North Bay Jobs with Justice and North Bay Labor Council: Proposed Changes to the Living Wage Ordinance
- 4 - Resolution

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

None