



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent Calendar
March 3, 2009

Honorable Mayor and
Members of the City Council

Title: Annual Report on Living Wage Ordinance (LWO)

Location/Council District: Citywide

Recommendation: Receive and file information.

Contact: Craig Lymus, Interim Procurement Services Manager, 808-5524

Presenters: None

Department: General Services

Division: Procurement Services

Organization No: 13001061

Description/Analysis

Issue: This report reviews the administration of the fifth year of the Living Wage Program for the period from March 2008 to February 2009. The following is a list of the actions taken and the results obtained during this period:

- Updated the rates for 2009 and provided notice of rate changes to City staff and contractors. The rates for 2009 are \$10.65 per hour if health benefits are provided and \$12.25 per hour if health benefits are not provided.
- Conducted outreach and notified vendors of LWO requirements.
- Provided training to City staff to explain program requirements.
- Received no complaints from City contractors related to this program.

Additionally, staff surveyed City vendors to determine how the LWO impacted their operations with the City. The survey requested that vendors respond to questions regarding increased hourly wages paid to employees, the number of workers the company employed, and whether the way it conducted business with the City had in any way been affected by the LWO requirements. Of the 377 surveyed vendors identified as performing non-professional services for the City, 161 responses (representing a 43% return rate) were received. Most indicated that they had

neither increased the hourly wage nor decreased the number of employees. However, some responded that they had either: increased hourly wages paid to employees as a result of the LWO, but had not decreased the number of workers employed; or specifically commented that there had been "no change" and that they already pay employees more than the City living wage rate.

In summary, using the results of the survey and actions completed to administer program requirements as indicators, the intended objectives outlined for the fifth year of the program were accomplished.

Additional information about the LWO and the methodology used to calculate the living wage is included in Attachment 1.

Policy Considerations: The intent of the Living Wage program is consistent with Mayor and City Council goals to promote and support economic vitality.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities that will not have any significant effect on the environment, and do not constitute a "project" as defined by California Code of Regulations, Title 14, Sections 15061(b)(3) and 15378(b).

Sustainability Considerations: Not applicable

Rationale for Recommendation: Not applicable

Financial Considerations: This report does not result in any financial impact to the City.

Emerging Small Business Development (ESBD): None

Respectfully Submitted by: Craig B. Lymus
Craig B. Lymus
Interim Procurement Services Manager

Approved by: Reina J. Schwartz
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:



for Ray Kerridge
City Manager

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Attachment 1

BACKGROUND INFORMATION

In December 2003, the City Council enacted a Living Wage Ordinance (LWO), which became effective March 1, 2004. The intent of the LWO is to ensure that employees of businesses contracting with the City to provide non-professional services are paid a wage that includes health-care benefits, and enables the employees and their families to meet basic needs and avoid economic hardship.

The LWO applies to:

- a contract for non-professional services with a value of \$100,000 or more when the service provider has 25 or more full or part-time employees
- the aggregate value of City contracts awarded to a non-professional services provider within a 12 month period that exceeds \$100,000 or more when the service provider has 25 or more full or part-time employees
- City of Sacramento career employees

The LWO does not apply to:

- Not-for-profit corporations with less than 100 employees
- Contracts for, or providers of, professional services, goods or commodities
- Student internships and specialized training programs
- Services deemed by the City Manager to constitute an emergency
- Non-career and seasonal City employees
- Contracts governed by state or city prevailing wages

The LWO rate is computed as follows:

- For each year after 2007, the rate shall be based on the rate from the immediately preceding year adjusted by the increase in the Consumer Price Index for All Urban Consumers, San Francisco/Oakland/San Jose area (1982-1984=100) from January 1 through December 31 of the immediately preceding year.
- The Consumer Price Index baseline (1982-1984=100) is established as a reference for measuring increases and decreases to the index over time.

