



REPORT TO COUNCIL

City of Sacramento

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CONSENT
March 2, 2010

**Honorable Mayor and
Members of the City Council**

Title: Annual Report on Living Wage Ordinance (LWO)

Location/Council District: Citywide

Recommendation: Receive and file

Contact: Christopher Stewart, Procurement Services Manager, 808-6202

Presenters: None

Department: General Services

Division: Procurement Services

Organization No: 13001061

Description/Analysis

Issue: This report reviews the administration of the sixth year of the Living Wage Program for the period from March 2009 to February 2010. The following is a list of actions taken and the results obtained during this period:

- Updated the rates for 2010 and provided notice of rate changes to City staff and contractors. The rates for 2010 are \$10.72 per hour if health benefits are provided and \$12.33 per hour if health benefits are not provided. The health benefit is \$1.61 per hour. Rates are updated annually based on the Consumer Price Index for All Urban Consumers, San Francisco/Oakland/San Jose area.
- Expanded the application of living wage to include the janitorial, laundry and window washing trades. These trades were formerly covered by prevailing wage requirements outlined in the Sacramento City Code § 3.56.070.
- 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.

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 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: 
Christopher Stewart
Procurement Services Manager

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

Recommendation Approved:


Ray Kerridge
City Manager

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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.