



FINANCIAL SERVICES DEPARTMENT

Living Wage Procurement Program: Implementing \$20/hr. and Piloting Adjustable Living Wage Contracts

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Audit and Finance Committee
September 21, 2022



Living Wage Procurement Program: Overview



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- **History** – City's Living Wage Program started 2002, initially limited to City employees, expanded to apply to certain City contracts, and modified multiple times since
- **Policy Objective** – The minimum hourly rate Contractors pay their employees working under certain City contracts should be consistent with the minimum hourly rate the City pays its employees
- **Living Wage Procurement Program**
 - Applies to certain Contract types (Competitive, Services, on City property, etc.)
 - Living Wage for Contractor employees tracks with Living Wage for City employees
 - Living Wage rate at beginning of Contract is locked throughout Contract's term

Living Wage Procurement Program: Overview



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- **Changes** – The Living Wage (LW) rate has changed multiple times since the program's inception
 - 2005, \$10/hr.
 - 2006, \$10.90/hr.
 - 2008, \$11.00/hr.
 - 2015, \$11.39/hr.
 - 2016, \$13.03/hr.
 - 2017, \$13.50/hr.
 - 2018, \$14.00/hr.
 - 2019, \$15.00/hr.
- **2022** – With the Fiscal Year 2022-2023 (FY23) Budget, City Council raised the Living Wage to \$20/hr.
- **This Update**
 - New LW Contracts: After October 1, 2022
 - Old LW Contracts: \$20/hr. Transition Plan
 - Adjustable Living Wage: Pilot

New LW Contracts: After Oct. 1, 2022



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- **Current Solicitations** - with LW requirements
 - Closed – \$20/hr. LW added to these before they closed where possible;
Most will proceed with \$15/hr., and be addressed in the \$20/hr. Transition Plan
 - Open – All are being amended to \$20/hr. LW
- **Project and One-time Transaction Living Wage Contracts**
 - LW rate is locked for term of contract
- **Multi-term Living Wage Contracts**
 - LW Rate is locked for term of Contract (to allow for Pilot)
 - Contract terms not more than 36 months (LW stays more current)
 - Synch Contract terms with City's FY (Contract transitions as LW changes)

Old Contracts: \$20/hr. Transition Plan



• Existing Living Wage Contracts	298
• Priority One – Contracts under \$15/hr. (Convert by FY23 End)	
- Expire before FY23, replace as usual	55
- Expire later than FY23, replace or amend early	18
• Priority Two – Contracts at \$15/hr. (Convert by FY24 End)	
- Expire before FY24, replace as usual	86
- Expire later than FY24, replace or amend early	106
• Priority Three – Contracts over and under \$15/hr. (Convert as possible)	
- Contractor already pays at or above \$20/hr.	33

Adjustable Living Wage: Pilot



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- Adjustable Living Wage Contracts
 - Requested by Council, Resolution No. 20190822-067
 - Dissimilar from historical procedures, City's and elsewhere
 - Adjusting Living Wage rates will increase Price change requests; need for cost data will increase; changing Contract pricing (may become dissimilar from market rates)
- Pilot – In Development, Implementing in FY23
 - Developing new Solicitation and Contract Admin. approach(es)
 - Limited to multi-term, indefinite quantity contracts
 - Targeting hourly rates
 - One-year terms, synched to FY
 - Multiple compliance paths

Questions?

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