



COUNCIL AGENDA: 11-18-08
ITEM: 2.3(b)

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: William F. Sherry, A.A.E.,
Katy Allen,
Jennifer A. Maguire

**SUBJECT: STAFFING APPROPRIATION
FOR AIRPORT LIVING WAGE
IMPLEMENTATION**

DATE: 11-07-08

Approved

Date

11/7/08

RECOMMENDATION

1. Authorization for the addition of three positions in the Public Works Department (1.0 Contract Compliance Coordinator, 1.0 Contract Compliance Specialist and 1.0 Contract Compliance Assistant).
2. Adoption of the following 2008-2009 Appropriation Ordinance amendments in the Airport Maintenance and Operation Fund (523):
 - a. Increase the Personal Services appropriation in the Public Works Department in the amount of \$166,930;
 - b. Increase the Non-Personal/Equipment appropriation in the Public Works Department in the amount of \$22,483;
 - c. Increase the Overhead appropriation in the amount of \$29,587; and
 - d. Decrease the Contingency Reserve in the Airport Department in the amount of \$219,000.

OUTCOME

This action will provide Airport funding for the remainder of 2008-2009 for the Office of Equality Assurance to recruit and hire three new full-time equivalent (FTE) staff to implement and enforce the proposed Airport Living Wage Ordinance.

BACKGROUND

At its meeting on October 6, the Transportation and Environment Committee reviewed the draft Living Wage Ordinance, three implementation options, a complaint-based enforcement system and a cost estimate for enforcement under a complaint-based system.

Among the Committee's recommendations subsequently adopted by the full City Council on October 28th was the following action:

Direction to staff to amend the monitoring and enforcement language in the draft ordinance. The amended language should require that the City apply the same proactive enforcement procedures currently used in the enforcement of existing living wage policy;

This memorandum addresses the funding appropriation and staffing authorization necessary to implement this direction.

ANALYSIS

OEA Staff Resources

Current staffing in the Office of Equality Assurance is inadequate to handle the workload created by the proposed Ordinance. Under the scenario of proactive enforcement, three positions are needed. It is anticipated that staff will be hired by early January. The fiscal impact to the Airport for 2008-2009 will be \$219,000 for staff and ongoing costs increasing to approximately \$423,500 in 2009-2010. These resources reflect our best estimate to develop and implement the start up effort needed at the front end of the new program; future staffing levels will be evaluated as the program comes on line.

POLICY ALTERNATIVES

Alternative #1: Change the enforcement scenario from pro-active enforcement to complaint-based enforcement – The City Council could change the enforcement scenario from pro-active enforcement to complaint-based enforcement which is a viable alternative from a cost savings perspective.

Pros: With continuing and combined reductions in capacity by the airlines, extreme volatility in the financial markets and fuel prices, the deepening economic recession, and local municipal budgetary issues that are contributing to a weakened financial and budget outlook, the Mineta San José International Airport in the coming year could potentially be faced with a negative budget swing of \$29 million per year as a result of reduced revenues and new or higher costs.

In an attempt to manage its budget and to work closely with its airline and community partners to ensure that SJC remains competitive and attractive for future air service while maintaining safe and convenient operations, moving to a complaint-based enforcement scenario along with a private right of action for impacted employees to enforce the minimum compensation and employee retention provisions through the courts would reduce the fiscal impact to the Airport for 2008-2009 and annually. A complaint-based scenario would require the addition of one position in the Office of Equality Assurance rather than the need for three positions. The cost for one position in 2008-2009 would be \$80,600 and increasing to \$161,200 in 2009-2010.

Cons: Complaint-based enforcement would shift the burden of initiating enforcement action from the City to employees and groups representing employees.

Reason for not recommending: The Transportation and Environment Committee at its October 6, 2008 meeting recommended that the City apply the same proactive enforcement procedures currently used in the enforcement of existing living wage policy.

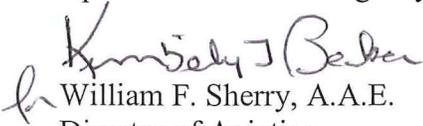
COORDINATION

This memorandum has been coordinated with the Offices of the City Attorney and City Manager.

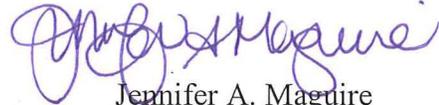
BUDGET REFERENCE

Fund #	Appn #	Appn Name	Total Appn	2008-2009 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
523	8905	Contingency-Reserve	\$1,714,458	XI-3	10/21/08, Ord. No. 28422

Funding for the addition of three positions is available from the Airport Maintenance and Operation Fund Contingency Reserve.


William F. Sherry, A.A.E.
Director of Aviation


Katy Allen
Director of Public Works


Jennifer A. Maguire
Budget Director

For questions, please contact Bill Sherry, Airport, at 408-501-7600 or Nina Grayson, Office of Equality Assurance, at 408-535-8455.

