



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 02-02-09

Approved

Date

COUNCIL DISTRICT: City-Wide

**SUBJECT: APPLICATION OF LIVING WAGE POLICY TO CONTRACTS FOR THE
WATER POLLUTION CONTROL PLANT**

RECOMMENDATION

Adopt a resolution amending Resolution No. 68900 to provide that the City of San José Living Wage Policy shall apply to contracts issued for the San Jose/Santa Clara Water Pollution Control Plant.

OUTCOME

To provide a living wage for workers employed under service contracts at the Water Pollution Control Plant.

BACKGROUND

On June 8, 1999, the City Council adopted the City's Living Wage Policy. The Living Wage Policy provides a wage floor for various services including, but not limited to automotive repair and maintenance, security, pest control, janitorial, custodial and moving services. Additionally, the policy prescribes that contract employees for these services be provided with or able to afford health insurance, have reasonable time off, and not be subject to layoff merely because the City changes contractors. However, the current Policy exempts contracts which involve programs where the City shares management authority with other jurisdictions such as the San Jose/Santa Clara Water Pollution Control Plant unless the participating agencies agree.

On September 16, 2008, Council, as part of the approval of a one-year contract for security guard services at the Water Pollution Control Plant (Plant), directed staff to engage in discussions with

the Treatment Plant Advisory Committee (TPAC) to seek approval of extending the City of San José Living Wage Policy to contracts issued by the Plant.

ANALYSIS

As discussed above, the Living Wage Policy applies to various services. Currently, the Plant contracts for two services (custodial and security guards) covered by the City’s Living Wage Policy. The table below describes these services, the current contract amount, the term of the contracts, and the hourly wage rate paid to workers. Additionally, staff has confirmed that these contractors are currently providing health insurance benefits.

Service	Annual Contract Amount	Term of Contract	Hourly Wage Rate	
			Current (includes health benefits)	Living Wage w/ Health Provided
Custodial Services	\$126,000	4/1/07 – 3/31/12	\$13.91	\$12.83
Security Guard Services	\$188,000	10/1/08 - 9/30/09	\$11.00	\$12.83

Currently, the custodial services contractor is paying more than living wage while the Security Guard Services contractor is paying \$1.83 per hour below living wage. Based on the above analysis, after completion of a competitive Request for Proposal process, staff expects that Council approval of extending the Living Wage Policy to services contracted for the Plant would potentially increase the cost for providing such services. This potential higher wage increase may be balanced with an expected reduction in contractor staff turnover and a higher consistency in performance of the service.

EVALUATION AND FOLLOW-UP

This memorandum will not require any further follow-up from staff.

POLICY ALTERNATIVES

Alternative #1: Do not extend the Living Wage Policy to services contracted for the Water Pollution Control Plant.

Pros: Maintains lower cost for the service.

Cons: Does not ensure a living wage floor.

Reason for not recommending: In general, contracts with a living wage policy experience less turnover of staff and a higher consistency of service. Application of the Living Wage Policy should thus enhance protection of WPCP facilities, City employees, and the public.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While this requirement does not meet any of the above criteria, this memorandum will be posted on the City's website for the February 24, 2009 Council agenda. On February 12, 2009, the Treatment Plant Advisory Committee considered this recommendation.

COORDINATION

This memorandum was coordinated with the Finance Department, the Department of Public Works/Office of Equality Assurance, the City Manager's Budget Office, and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2: "We must focus on protecting our vital core City services."

COST SUMMARY/IMPLICATIONS

This recommendation may result in higher costs for services covered by the City's Living Wage Policy at the Water Pollution Control Plant.

HONORABLE MAYOR AND CITY COUNCIL

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CEQA

Not a project.



JOHN STUFFLEBEAN

Director, Environmental Services

For questions, please contact John Stufflebean, Director, at 408-535-8560.