



Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE **FROM:** David Sykes

SUBJECT: SEE BELOW

DATE: February 2, 2012

Approved

Date

2/3/12

SUBJECT: OPTIONS RELATED TO VACATION, SICK LEAVE AND HOLIDAY BENEFITS FOR CONTRACT EMPLOYEES

BACKGROUND

On December 13, 2011 [Item 3.5], the Council referred to the Rules and Open Government Committee a memo from Councilmember Rocha dated December 12, 2011. Councilmember Rocha's memo recommended that the City Attorney and City Manager evaluate: (1) various possibilities for the City to ensure that basic vacation, sick leave and holiday benefits are provided to contract employees; and (2) adding criteria to the City's Request for Proposal process to evaluate and award points based on the level of leave benefits proposers provide to their respective employees.

On January 4, 2012 [Item H.2], the Rules and Open Government Committee meeting referred Councilmember Rocha's proposal to the City Attorney for legal analysis and to the City Manager's Office for a report on the range of options.

ANALYSIS

Although a full analysis has not been conducted, staff sees three possible options for the Council to consider. Following is a brief description of the options, with some issues to consider and a very cursory estimate of the additional work effort needed to develop and implement each option. If the Council is interested in a particular option, a full workload assessment per City Council Policy 0-12 would need to be performed.

Option 1- Adding criteria to the City's Request for Proposal (RFP) process that would award points based on the level of leave benefits a given proposer provides its employees.

Workload Effort: High

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Considerations:

- Staff would need to develop criteria and points to incorporate into the current RFP process.
- Currently, 15% of the available RFP points are reserved for Local and Small Businesses (LBE/SBE) and for Environmental Preferable Procurement (EP3). Additional points set aside for compensated time off will erode the importance of Tier 1 (technical) and Tier 2 (cost) criteria. Conversely, setting aside a relatively small weighting for compensated time off may cause proposers to not address it.
- Evaluation teams are qualified to evaluate technical issues but not well versed to evaluate fringe benefit packages and compensated time off. From an operational perspective, it may require a separate team to evaluate and score the non-technical aspect of the proposals or additional training for the staff conducting the RFP would need to be conducted.
- Evaluating benefit packages is somewhat subjective and may be challenging to implement. For instance, is a lower hourly rate of pay and more compensated time off preferable to a higher hourly rate of pay with less time off? A subjective evaluation of benefit packages could lead to a higher potential for protests based on the arbitrary and somewhat ambiguous nature of the scoring.

Option 2 – Amend City’s Living Wage Policy to Mandate Compensated Days Off

Workload Effort: Moderate

Considerations:

- Staff has looked at other cities’ living wage ordinances. The cities of Los Angeles, Oakland and San Francisco mandate 12 compensated days off per year. The City Attorney’s memo dated February 1, 2012, includes specific information regarding each city’s requirements.
- The City’s current Living Wage Policy would need to be amended and various boilerplate documents and materials would need to be updated to reflect changes.
- Requiring a minimum number of compensated days off could increase costs to the City. Further analysis on this is needed, but a preliminary evaluation indicates a 0.5% to 2% increase is possible.
- Outreach to stakeholders such as the vendor community and labor interest groups would need to be conducted.
- Operational considerations include implementation and enforcement. Staff will need to consider a method for confirming that benefits are being received as specified.

Option 3 – Make No Change

Workload Effort: Not Applicable

Considerations:

- The City’s living wage rates are currently \$1.53 to \$3.17 p/h higher than Los Angeles, Oakland, and San Francisco’s living wage rates. One could argue that a higher living wage rate compensates the worker for the lack of compensated days off and thus no further action is required.

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PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 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)**
- Criteria 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)**

By providing this document to the Rules and Open Government Committee this memo will be posted on the City's website with the Rules Committee meeting agenda for February 8, 2012 and interested public will have the opportunity to review.

COORDINATION

This memorandum has been coordinated with the City Manager's Office, Finance Department/Purchasing Division and the City Attorney's Office.

/s/

DAVID SYKES
Director of Public Works

For more information contact: Nina Grayson, Division Manager, at (408) 535-8455.