



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
County Manager



**Date:** October 10, 2016  
**Board Meeting Date:** November 1, 2016  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** John L. Maltbie, County Manager  
Peggy Jensen, Deputy County Manager

**Subject:** Living Wage Ordinance

**RECOMMENDATION:**

Adoption of an ordinance establishing a five-year living wage pilot program for service contracts entered into by the County, previously introduced on October 18, 2016, and waive the reading of the ordinance in its entirety.

**BACKGROUND:**

In December 2015, the San Mateo County Board of Supervisors (Board) conducted a study session on Living Wage Ordinances (LWOs) and appointed Supervisors Carole Groom and Dave Pine to a LWO Subcommittee. To research living wage impacts and options, the LWO Subcommittee convened a work group that included 12 non-profit County contractors, one for-profit contractor, and a representative of the San Mateo Labor Council. The work group met six times, and additional meetings were held with the Labor Council and three non-profits. Based on input from these meetings, the LWO Subcommittee recommends adoption of a five-year living wage pilot program.

Adoption of the LWO contributes to the Shared Vision 2025 outcomes of a Prosperous and Livable Community by setting minimum wage rates for County service contracts.

**DISCUSSION:**

**What is the term of the pilot LWO?**

- 5-year pilot from 1/1/17 to 12/31/2021
- Public hearing and Board action required to continue LWO beyond 12/31/2021

**What is the proposed living wage?**

- \$17.00 per hour phased in over 2 ½ years
  - January 1, 2017: \$14.00 per hour
  - July 1, 2017: \$15.00 per hour
  - July 1, 2018: \$16.00 per hour
  - July 1, 2019: \$17.00 per hour

- Starting July 1, 2020, the living wage rate will increase annually by the urban consumer price index (CPI-U) for San Francisco-Oakland-San Jose. The annual CPI-U adjustments shall not be negative and shall not exceed 3.5%.
- The Board may suspend scheduled living wage increases in one year increments if the Board finds suspension in the best interest of the County.

**Which contractors are subject to the LWO?**

- All contractors and subcontractors providing services under a County contract
- Government entities are exempt

**Which employees are covered by the LWO?**

- Full-time, part-time, temporary, and permanent employees are covered. Election day workers, volunteers, and students working for academic credit are exempted.

**Which contracts are covered by the LWO?**

- Contracts entered into prior to January 1, 2017, are not subject to the LWO.
- Compliance with the LWO will be voluntary for new contracts entered into between January 1, 2017, and March 30, 2017, inclusive.
- Contracts entered into on or after April 1, 2017, must comply with the LWO.
- Nonprofit contractors that amend existing contracts to voluntarily comply with the LWO on or after January 1, 2017, will receive an Enhancement payment to mitigate the cost of compliance.
- Nonprofit contractors may appeal for additional Enhancements by providing supporting documentation to the contracting department.
- Enhancements will be a percentage of a contractor's total contract amount and are based on LWO implementation cost data provided by work group members.
- Contracts may be exempted from LWO compliance by the Board.

**How will the LWO be implemented and enforced?**

- Enforcement of the LWO will be accomplished through oversight by the County, which retains the right to conduct random audits; through employee grievance rights; and through the legal process, if necessary. The County will set a single point of contact for employees to report LWO non-compliance by employers.
- Contractor employee complaints about compliance with the LWO will go to the Purchasing Division and referred to the contracting Department for review and potential investigation by an outside auditor.
- CMO staff will report annually on LWO implementation, cost, and compliance.

Further details on all aspects of the recommended LWO, along with documentation of the development process, are included in the Subcommittee report, the ordinance, which are attached to this memo.

**FISCAL IMPACT:**

The total estimated cost of the living wage pilot program is \$4.2 million, which is based on data provided by the work group survey. Because this is an estimate, County staff will report annually to the Board on the actual costs of the LWO.

**ATTACHMENTS:**

- A. Living Wage Ordinance Report