

## **City of San Jose Living Wage Policy (Resolution No. 68900)**

### **A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE ADOPTING REVISIONS TO THE LIVING WAGE POLICY**

**WHEREAS**, it is beneficial to the health and welfare of all citizens of San Jose that all workers are paid a wage which enables them to not live in poverty; and

**WHEREAS**, the City awards many contracts to employers to provide services to the public and the City government; and

**WHEREAS**, many service employees in San Jose and their families live at or below the poverty line; and

**WHEREAS**, the payment of such inadequate compensation tends to negatively affect the quality of services to the City and the public by fostering high turnover and instability in the workplace; and

**WHEREAS**, the use of City funds to promote the creation of a livable wage will increase the ability of these employees to attain sustenance, decrease the amount of poverty and reduce the amount of taxpayer funded social services in San Jose; and

**WHEREAS**, many employers who provide contract services to the City or receive direct financial assistance do not provide health insurance to their employees which affects performance and absenteeism and has a negative impact to local and state health programs which can only be ameliorated by having employers providing reasonable health insurance to their employees; and

**WHEREAS**, a City policy providing for a livable wage is consistent with other programs operated by the City to meet the employment and economic development needs of low wage workers; and

**WHEREAS**, it is the purpose of this policy to provide for a livable wage for workers employed by employers who are awarded service contracts or direct financial assistance by the City, and thus enhance the welfare of workers of San Jose; and

**WHEREAS**, the City has determined that certain revisions to the Policy are necessary to clarify the intent and application of the Living Wage Policy.

**WHEREAS**, many service employees in San Jose and their families live at or below the poverty line; and

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of San Jose that the City approves the following Living Wage Policy:

## **CITY OF SAN JOSE LIVING WAGE POLICY**

### **I. LIVING WAGE POLICY**

It is the policy of the City of San Jose that persons doing work on, for or on behalf of the City should be paid a living wage, be provided with or able to afford health insurance, have reasonable time off, not be subject to lay off merely because the City changes contractors and should work in an environment of labor peace.

#### **A. Payment of Minimum Compensation to Employees**

##### **1. Wages**

- a. If health insurance benefits are provided, a wage of no less than Nine Dollars and Fifty Cents (\$9.50) per hour.
- b. If health insurance benefits are not provided, a wage of no less than Ten Dollars and Seventy-Five Cents (\$10.75) per hour.
- c. These initial rates will be reviewed each year, no later than the 10th of February, to determine if any adjustment should be made based on any change as of December 31 of the previous year in the federal poverty level standard or the geographic cost of living differential used by the City in determining the initial wage adjustment. If either standard has changed the City shall recalibrate the wages using the original methodology with the new values. If neither standard has changed, the Consumer Price Index for all Urban Consumers in the San Francisco-Oakland-San Jose area (U. S. Department of Labor, Bureau of Labor Statistics) shall be reviewed. If the CPI has increased by at least 1 %, the wage rate shall be adjusted by the same percentage change in the CPI but not to exceed 3 %.
- d. If the contract is subject to a prevailing wage requirement, the higher of the two wages shall apply.

- e. Proof of the provision of such benefits must be submitted to the City with the executed contract or receipt of the City financial assistance to qualify for employees with health benefits.

**B. Employee Retention Requirements**

1. Application

The Employee Retention Requirements under this Policy will apply to contracts subject to this Policy which are over the amount of \$50,000 and provides for the continuation of a service currently provided by another contractor, including the following contracts:

- a. Food Services
- b. Janitorial and Custodial Services
- c. Shuttle transportation
- d. Parking lot management
- e. Street sweeping (citywide)
- f. Operation, programming and maintenance of recreational facilities
- g. Any other service or labor determined by the Director of Equality Assurance to meet the intent of this Policy

2. Retention Employee

Any person employed by the predecessor contractor or any subcontractor to the predecessor contractor who:

- a. provides direct labor or service on the City contract;
- b. is not an "exempt" employee under the Fair Labor Standards Act; and
- c. has been employed for at least the six (6) month period prior to the date of the new contract by the predecessor service contractor or subcontractor.

3. Employment

Employment shall be offered to all qualified retention employees.

- a. The new service contractor or subcontractor may deem a retention employee not to be qualified only if:
  - (i) the employee has been convicted of a crime that is related to the job or to his or her job performance; or
  - (ii) the contractor can demonstrate to the City that the employee presents a significant danger to customers, co-workers, or City staff.
  
- b. The new service contractor or subcontractor may treat any of its current employees as retention employees for purposes of this Policy who, based on payroll records or other reliable evidence can be shown to the satisfaction of the Director of the Office of Equality Assurance:
  - i) to have been employed for at least the six (6) month period prior to the date of the new contract by the contractor or subcontractor; and
  - (ii) would otherwise need to be terminated as a result of this program.
  
- c. In the event that the service contractor or subcontractor does not have enough positions available for all qualified retention employees and its current eligible retention employees, the service contractor or subcontractor will hire the predecessor contractor's qualified retention employees and retain its current employees who are eligible for retention under this Policy by seniority within each employment classification. For any positions that become available during the initial ninety (90) day period of the new contract, the service contractor or subcontractor will hire qualified retention employees and rehire its current employees who are eligible for retention under this Policy by seniority within each employment classification.

4. Retention

- a. Qualified employees of the predecessor contractor may not be discharged without cause during the initial ninety (90) day period of their employment.
- b. Each such qualified retention employee who receives a satisfactory performance evaluation at the end of the initial ninety (90) day period of employment will be offered continued employment under terms and conditions established by the contractor or subcontractor for all of its employees.

5. Third Party Beneficiary

A retention employee shall have the right of a third party beneficiary under any service contract subject to this employee retention requirement.

**C. Third Tier Review**

All service or labor contracts subject to this Policy shall be required to undergo what is commonly referred to as "Third Tier Review". This is the process under which the City considers the proposer's history as an employer and working condition commitments in evaluating the proposals. All proposals will be required to address the following:

1. Compensated Days Off

The proposal shall describe the compensated days off per year, including holidays, sick leave, vacation, and personal leave.

2. Employee Retention Requirements

The proposer will be required to provide requested information and documentation with regard to staffing needs under the contract and how many, if any, of its current employees would need to be considered for retention purposes.

3. Service Disruption /Labor Peace Provision

- a. The Council hereby declares that, to the best of its ability, it intends to ensure that essential services and labor for which it contracts are provided efficiently and without interruption. Therefore, it is necessary to

avoid the potential of disruption by labor disputes.

- b. Prior to the issuance of any request for proposals, including requests for qualifications, requests for quotes or requests for information (collectively referred to as , RFP), the Office of Equality Assurance shall determine the level of vulnerability of the proposed contract to service or labor disputes and the degree to which labor peace is essential to the proprietary interests of the City. The determination shall be based on considerations including but not limited to following factors:

- (i) whether the service or labor is provided on a City site or a site which is important to the proprietary interests of the City; and

- (ii) whether the service provider relies on a significant amount of public patronage; and

- (iii) the economic effect of any disruption on City expenditures or revenues; and

- (iv) the effect of any disruption on the citizens, tourists and businesses in the community.

- c. The Office of Equality Assurance shall consider the relationship between the extent to which the City is vulnerable from the effects of labor unrest and the type of assurances of protection against labor discord that need to be provided by the proposer.
- d. The request for proposals shall include a provision requiring adequate assurances in light of the level of vulnerability in each request for proposals.
- e. The City department awarding the contract shall provide a copy of each RFP to any person or entity who files a request for notification with the Director of

the Office of Equality Assurance.

## **II. SERVICE AND LABOR CONTRACTS**

The Living Wage Policy shall apply to service and labor contracts as follows:

### **A. Application**

#### 1. Service or Labor Contract

This policy applies to those contracts which:

- a. involve an expenditure in excess of Twenty Thousand Dollars (\$20,000):
- b. provide for the furnishing of services or labor to the City (as opposed to the purchase of goods or other property or the leasing of property) including the following services:
  - 1.) Automotive repair and maintenance
  - 2.) Facility and building maintenance
  - 3.) Food services
  - 4.) Janitorial and Custodial
  - 5.) Landscaping;
  - 6.) Laundry Services
  - 7.) Office and Clerical (copier maintenance, facsimile maintenance, courier, mailing, photographic, printing, , collections)
  - 8.) Parking lot management
  - 9.) Pest Control
  - 10.) Operation, programming and maintenance of recreational facilities
  - 11.) Security

- 12.) Shuttle Transportation
- 13.) Street Sweeping
- 14.) Towing
- 15.) Moving Services
- 16.) Fabrication and installation of City signs
- 17.) Maintenance of City owned equipment
- 18.) Any other service or labor determined by the Director of Equality Assurance to meet the intent of this Policy.

2. Exemptions

- a. Contracts under which federal or state regulations preclude its applicability;
- b. Contracts which involve programs where the City shares management authority with other jurisdictions including but not limited to the San Jose Santa Clara Water Pollution Control Plan unless all participating agencies have a Living Wage Policy;
- c. Contracts which involve programs with special decision making procedures including but not limited to the City Retirement Boards and the Deferred Compensation Board;
- d. Contracts which are impacted by leases, bond covenants, grant restrictions, governmental regulations and the like shall be reviewed on a case by case basis and the policy included to the extent it is not constrained;
- e. Contracts which involve programs which do not primarily provide direct services to the City but have a franchise or contract to provide services to the residents or property owners of the City; and
- f. Contracts for professional services for specialized skills including but not limited to experts, consultants,

auditors, engineers, attorneys, banking.

- g. Contracts where imposition of the policy is found by the Director of Equality Assurance to be likely to cause a hardship to small businesses.

**B. Covered Employees**

Any person employed by the contractor or any subcontractor, notwithstanding the location of the person, who:

1. Is not a person who provides volunteer services, that are uncompensated except for reimbursement of expenses such as meals, parking or transportation;
2. Expend at least half of his or her time on work for the City;
3. Is at least eighteen (18) years of age;
4. Is not in training for the period of training specified under training standards approved by the City

**III. FINANCIAL ASSISTANCE**

The Policy shall apply to any City financial recipient, excluding any corporation organized under Sec. 501 (c) 3 and 6 of the United States Internal Revenue Code of 1954, who receives direct monetary financial assistance from the City in an amount of One Hundred Thousand Dollars (\$100,000) or more in any twelve (12) month period executed after the effective date of this policy. Conformance to this Policy shall be required throughout the term of the agreement.

This Policy does not apply to any person or entity who receives any indirect financial assistance including but not limited to tax credits, subsidies or rebates, bond financing, or loans.

**A. Covered Employees**

Any person employed by the City financial recipient or any subrecipient whose compensation is attributable to the City's financial assistance, who :

1. Is not a persons who provides volunteer services, that are uncompensated except for reimbursement of expenses such

- as meals, parking or transportation;
2. Expend at least half of his or her time on work for the City;
  3. Is at least eighteen (18) years of age;
  4. Is not in training for the period of training specified under training standards approved by the City

#### **IV. SUPERSESSION BY COLLECTIVE BARGAINING AGREEMENT**

Parties subject to this Policy may by collective bargaining agreement provide that such agreement shall supersede the requirements of this Policy.

#### **V. ADMINISTRATION**

The City's Department of Equality Assurance shall monitor compliance, including the investigation of claimed violations, and may promulgate additional regulations consistent with this Policy.

##### **A. Reports**

The Director of the Department of Equality Assurance shall file an annual report on compliance to the City Council.

##### **B. Proposal and Contract Language**

All City proposals, contracts and financial assistance agreements subject to this policy shall contain the following paragraph or substantially equivalent language:

The contract is subject to the City of San Jose Living Wage Policy and any implementing regulations. The Policy requires among other things, that unless specific exemptions apply, all employers, as defined, under service contracts and recipients of City financial assistance, as defined, shall provide payment of a minimum level of compensation to employees which includes the cost of health benefits. Failure to provide the Living Wage compensation may result in termination of the contract or debarment from future contracts. The service or labor contract shall include the employee retention requirements set forth in the Policy, if applicable.

**C. Retention Program**

1. To the extent the City is able to obtain the information, the City will provide the service contractor or subcontractor with a list of names, addresses, dates of hire, and employment classifications for all covered employees of the outgoing service contractor or subcontractor who are interested in continued employment.
2. Contracts entered into after the adoption of this Policy shall obligate the contractor or subcontractor to provide names of all qualified retention employees at end of contract.

**D. Enforcement**

The service contract or financial assistance agreement shall provide that if a violation of any provision of this Policy occurs and is not corrected after written notice, the City may, at its option, do any or all of the following:

1. Suspend and/or terminate the contract or financial assistance agreement for cause;
2. Require the employer to pay any amounts underpaid in violation of the required payments and City's administrative costs and liquidated damages. and in the case of financial assistance to refund any sums disbursed by the City.
3. Debar the contractor or subcontractor from future City contracts and/or deem the recipient ineligible for future financial assistance.

**E. Coexistence with Any Other Employee Rights**

This Policy shall not be construed to limit an employee's ability to bring any legal action for violation of any rights of the employee.

**VI. EFFECTIVE DATE**

- A. Any contract for which any request for service or labor covered by this Policy is issued on or after November 17, 1998.
- B. Any grant for which the application is received on or after November 17, 1998.

- C. Any amendment or extension of a service or labor contract which modifies the provisions of that contract, other than the termination date of the Contract, executed after November 17, 1998.

ADOPTED this 8th day of June, 1999 by the following vote:

AYES: CHAVEZ, DANDO, DIAZ, DIQUISTO, FISCALINI, LeZOTTE, MATTHEWS, POWERS, SHIRAKAWA, WOODY; GONZALES

NOES: NONE

ABSENT: NONE

RON GONZALES, Mayor

ATTEST: PATRICIA I. O'HEARN, City Clerk