

City of Santa Barbara

**LIVING WAGE ADVISORY COMMITTEE  
MEETING MINUTES**

for

Wednesday, February 12, 2014

Room 15 – City Hall

735 Anacapa St., Santa Barbara, California

Roll Call:   √Richard Flacks           √Anna Kokotovic           √ Larry C. Lee, Chair  
                  √Gabe Dominocielo       √ Ken Oplinger

Council Liaison: √ Cathy Murillo

Staff:        √ Greg Corral   √Bill Hornung

I. Call to order: **5:35 PM**

II. Public comment: **None**

III. Review and approve the October 9, 2013 meeting minutes: **Approved as amended by Gabe to remove the comment to expand the size of the committee.**

IV. Old Business

a. Increasing Public Awareness: the audio from the TV ad could be used radio advertisements

**Larry: Asked staff to provide background on the city's PSA efforts.**

**Bill: The City ran ads in English and Spanish on CityTV. The audios were provided to Dr. Flacks as he requested. Also, the City Administrator included a living wage reminder in one of his newsletters that goes to the public.**

**Richard: I provided the audios to UCSB radio. The PSA will go into the rotation but the DJs selects the PSA that they want to run from a list. The PSA can run any time during the day.**

**Larry: The purpose of the PSAs is to increase public awareness since enforcement largely relies upon employees since there are no audits. It would be good if there was funding for educating the public.**

**Cathy: There is a community group, CAUSE, which may be able to assist in disseminating information.**

b. Discussion of PO/Contract award methods:

**Gabe: The Living Wage is a disadvantage to local business.**

**Larry: There is an issue of out-of-towners benefiting.**

**Gabe: That is my argument. Businesses outside the city are winning bids.**

**Bill: I do not buy into that argument. The Living Wage ordinance establishes a minimum local wage that all bidders must abide by which would protect local business from cheaper outside labor. What has happened is that the city is consolidating work for bids.**

This has led to larger potential contracts, which may be attracting bids from out-of-town firms.

**Gabe:** It is a bidding issue and local labor is not benefiting. Awards are based on the low bid.

**Ken:** Has the city looked into a local preference?

**Bill:** No.

**Cathy:** What would be required to have a local preference?

**Bill:** Council would need to add a local preference to the municipal code.

**Ken:** There are number of cities in California that we can learn from.

**Bill:** A local business must be defined.

**Ken:** The Chamber would support a local preference.

**Cathy:** Council may be supportive too.

**Cathy:** Could this be a topic for the next meeting?

**Richard:** The committee has touched on this topic over the years and should revisit the thresholds. Also, we should look into why non-profits are exempted. Alan Williams, a former committee member, also said the ordinance was not benefiting local businesses.

c. Discuss the Committee's goals and objectives for 2014

i. Discussion of the committee's composition

**Larry:** It was been an issue to fill the open committee positions.

**Cathy:** I may know of local businesses that may be interested in applying.

**Richard:** I am glad to have a chamber representative because the position has been vacant. You (Cathy) are the first Councilmember to show up in some time.

ii. Determine the meeting schedule for the remainder of the calendar year (the next meeting is scheduled for April 9): **Meeting time changed to 5:15 PM. The regular quarterly meetings are April 9, June 18, and Sept. 10. Dr. Kokotovic will be unavailable July and August and Gabe at the end of July.**

d. Discussion of the intent of the Living Wage Ordinance and whether that intention is being met

**Gabe:** The committee is concerned about contractors not paying the required living wages and defrauding the City. The employee can enforce the payment if they are aware.

**Larry:** There only has been one official audit and there is no mechanism in place to verify compliance. Funding for audits has not been available.

**Cathy:** That is a very serious matter. It is the City's responsibility to enforce the ordinance. Gabe is it a rumor that contractors are not paying the living wages?

**Gabe:** The audit was inconclusive and there were issues with the documentation provided. There was no punishment for not providing the documentation.

**Cathy:** I will take this issue up and look into it.

**Bill:** The City informs Bidders of the Living Wage requirements and requires the winning bidder to complete a Living Wage Certification Form and my office follows up with the

vendor to obtain the initial payroll. Departments are responsible for obtaining the documentation and notifying the workers.

Larry: The committee provided a report to Council and asked for funding and it never happened.

Gabe: City staff has been good but there has never been a formal complaint because firms are afraid of retaliation.

Cathy: Is more staff time needed for audits?

Bill: We used an outside auditor and the cost was \$3,000 to \$3,500 per firm audited.

Cathy: Are there 163 vendors subject to the ordinance?

Bill: Yes. However, only a small percentage is actually impacted. The count includes architects and other services that are subject to the ordinance but are not affected because they pay wages much higher than what the ordinance requires.

Cathy: I would like to see a list of the vendors.

Greg: The living wage does not kick in until the vendor has one or more contracts with the city that exceeds the living wage threshold.

Cathy: Bill, do you think that a threat of an audit would encourage vendors to keep better records?

Bill: Yes, but some of the firms are small and will not have the same record keeping as large firms.

Larry: We do not know if the employees are actually receiving the wages.

Bill: The auditors wanted to cross reference payroll records with other records such as time cards and they were unable to do so.

Gabe: Employers need to know the hours that their employees worked for tax purposes.

Ken: We should debar firms that cannot comply with the record keeping requirements. If there is not follow-up on the audits, what is the point of the audits?

Larry: We have been wrestling with this issue for awhile and maybe Cathy and Ken can provide new energy to get a resolution.

## V. New Business

### 1) Discussion and direction with the Council Liaison

Gabe: The committee spent years on working on a report and recommendations to the Council and it was tabled.

Cathy and Ken: I would like a copy of the report.

Richard: The Living Wage may set a standard in the community. There is a movement in the county for cities to pass much higher minimum wages. Some cities have adopted a \$15 hour minimum wage and a more general minimum wage may close some of the loop holes in the ordinance.

Gabe: We are required to increase the living wage with inflation.

Bill: Our ordinance is complex because of the three wage tiers and the insurance requirements. The insurance offered must be comparable to the insurance that the City offers, which is a high standard, to qualify for a lower wage tier. Also, the differences

**between the wage tiers are not large enough to be an incentive to provide insurance and benefits.**

**Richard: Most people are paying the highest tier level because they are not offering any benefits.**

**Bill: Historically that is correct but we are starting to see more firms claiming the first lower tier for offering benefits. It is very difficult to compare insurance policies and coverages. We include a high level of summary of the City's insurance plans to assist bidders in determining if they qualify for a lower wage tier and we rely on self-certification.**

**Larry: We had a discussion on whether or not the whole tier system is outdated and replaced with a single tier or two tiers.**

**Gabe: Obama care plays into this too. Most employees will pick higher pay over benefits.**

**Larry: We would like the City Attorney to speak to us about Affordable Care Act but they have not done so.**

**Bill: I was referred to the Benefits office and have not been able to convince anyone to address the group.**

**VI. Adjourn: 6:45 PM**

AMERICANS WITH DISABILITIES: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Finance Department at 564-5334. Notification of at least 48 hours prior to the meeting will enable the City to make reasonable arrangements.