



**City of Santa Barbara**  
**LIVING WAGE ADVISORY COMMITTEE**

**Minutes for**

SPECIAL MEETING  
Wednesday September 30, 2015

3:00PM

City Hall, Room 15

735 Anacapa Street, Santa Barbara, California

[www.SantaBarbaraCA.gov](http://www.SantaBarbaraCA.gov)

I. Call to order: **3:10pm**

- II. Roll Call:  Richard Flacks       Anna Kokotovic       Gabe Dominocielo  
 Ken Oplinger       Mario Quezada       Gregory Freeland

Council Liaison:  Cathy Murillo

Staff:       Greg Corral  Bill Hornung       \_\_\_\_\_

III. Public comment: **None**

Any member of the public may address the Commission for up to two minutes on any subject within the jurisdiction of the Commission that is not scheduled for a public discussion before the Commission.

IV. Review and approve the June 17, 2015 meeting minutes: **Unanimously approved as-is**

V. Old Business

a. Wage Tiers

- i. Listen to a summary of ACA plans  
**Kristy Schmidt, Administrative Services Director:** Presented a summarization the ACA plans and provided a handout comparing the plans. She offered to come back in the future if the committee wants more information. The plans are called metal plans: bronze, silver, gold, and platinum. All plans have cost sharing (e.g., co-pays). Preventative care is covered at no cost under all plans. The State is steering people to the silver plan. A handout was provided comparing the plans.
- ii. Discussion of the ACA plans and how they might replace the current Living Wage tiers tied to insurance & benefits  
**Kristy:** There are challenges with using the City's insurance plans as the standard. One challenge in using the City's plans as the benchmark is that the City's plans change year to year based on bargaining groups. Another challenge is that the City offers multiple plans. Finally, the ordinance requires

that firms offer insurance at no cost to their employees. This will mean different things to different companies depending on the makeup of their workforce. The premiums for the exact same coverage will be lower for an employer that hires relatively healthy, young employees than that of an employer that hires older employees. Current practices encourages employers to involve their employees in cost containment by paying a percent of the premiums. The ACA may create an opportunity for a more objective standard. Using ACA plans create an objective and unambiguous standard that would be easily understood and enforced. ACA plans are offered across the State.

Medical expansion covers adults that are at 138% of the federal poverty line (approximately \$16,000 per year for a single individual). Assets are not considered in determining eligibility.

For (4) plans are offered on the exchange if you are not Medical eligible. Tax credits are offered if you are at 400% of the federal poverty line. This means that individuals could be fully covered for the silver plan depending on income. The cost of the plans are capped at 9.5% of an individual's income. If an individual is at 250% of the poverty level, they would qualify for additional assistance under the silver plan for deductibles and out-of-pocket expenses.

- iii. Discussion of reducing the three (3) wages tiers to two (2)
- Dick:** The tiers were provided as an incentive for firms to provide benefits. Is the incentive still needed?
- Kristy:** Everyone has access to insurance now, which was not the case before. Private insurance was cost prohibitive. Keep in mind that the ACA only covers employees working more than 30 hours per week. The trade-off between salary and benefits is more critical for low wage earners. Employees may prefer higher wages to more benefits.
- Bill:** When this was previously discussed when we had a business representative (Alan) on the committee, he said the cost difference between the tiers was too small to entice a firm to offer insurance.
- Ken: Based on the discussion, we should set a standard for a Living Wage for Santa Barbara and have a single tier. Most employees will qualify for subsidies.
- Ken:** Suggested that we go to a single tier that requires firms to be in compliance with the ACA.
- Gabe:** Acknowledged Ken's idea of going to 1 tier that requires firms to be in compliance with the ACA.
- Anna:** When we looked at other cities with a Living Wage Ordinance, they did not have multiple tiers. They generally just had a wage.
- Gabe:** Can we request the City Attorney to draft language for a single tier?
- Bill:** I can will discuss this with the City Attorney.
- Kristy:** What will most likely happen is that we would go to Council and say that the Living Wage Advisory Committee would like to revisit the pay tiers in terms of benefits given the ACA requirements and come up with a recommendation.
- Committee:** Supported a motion (Gabe abstained) to have the City Attorney to draft a revision of the ordinance for a single tier using the current highest hourly rate, \$16.70 per hour, and require firms to demonstrate compliance with ACA.
- Cynthia:** How will you certify compliance?
- Bill:** I will need to discuss this with the City Attorney but I think we can get by with the firms signing a declaration of compliance.

**ACTION:** Committee asked Bill to work with the City Attorney on the language to revise the ordinance.

b. Discussion of the dollar threshold for triggering Living Wage requirements

**Bill:** Living Wage requirement kicks in once the aggregate value of a firm's contract(s), in a fiscal year, crosses a threshold. When the committee suggested this last time, some vendors felt this would be an onerous requirement and they would not do business with the City. Vendors with small contracts said that the additional cost for compliance as well as the cost of changing their payroll would not be worthwhile. The issue was that firms that have crossed the threshold are required to pay a Living Wage and potentially competing against firms that are not required to pay a Living Wage.

**Dick:** The issue is that small contractors can out bid a contractor that is paying a Living Wage because of the threshold.

**Ken:** Asked for a report of the contracts subject to the Living Wage requirements to help us form a recommendation.

**ACTION: Bill to provide the report of firms that are subject to the Living Wage requirements but the value of their contracts is below the Living Wage Threshold.**

## VI. New Business

1) Discussion of fine structure for non-compliance

**Ken:** If a business does not comply with the living wage ordinance, the business must pay that difference, and a fine of 100% of the difference between the paid amount and the amount owed will be assessed. If the contractor wishes, the assessed fine can be appealed to the Living Wage Advisory Committee.

**ACTION:** The Committee asked Bill to work with the City Attorney to confirm the committee can hear cases and to draft the necessary changes to the ordinance.

2) Review and discussion of a wage report for City jobs that pay less than the Living Wage

**Bill:** Distributed a report of City hourly jobs in Unit 17 and 18 that pay less than the Living Wage Rate. Employees in Unit 17 do not receive any benefits and are unrepresented. Employees in Unit 18 are represented by SEIU and accrue benefits. After working 520 hours in the current or prior fiscal year, employees in Unit 18 accrue personal time off.

**The committee expressed concern about the changing work environment and that the employees in Unit 17 & 18 may be supporting families, etc.**

**ACTION:** Dick volunteered to work with the SEIU representative (Cynthia) that was in attendance to get the demographics of the workers in Unit 18, which is represented by SEIU.

**ACTION:** Gabe requested that Bill send him the spreadsheet report and reported back that 578 hourly employees are paid below the Living Wage rate of \$16.70 per hour.

3) Discussion of exemptions to Living Wage including the non-profit exemption

**Dick:** we should table this until we know the outcome of a local minimum wage measure that is being developed for the ballot. The Committee agreed.

4) Discussion of Living Wage audit policy

**ACTION:** Committee asked Bill to draft a procedure and bring it to the November 18 meeting.

### **NEW TOPIC FOR THE NOVEMBER 18 MEETING**

**1. Election of a Vice-Chair**

**2. Establish the meeting schedule for 2016 calendar year**

VII. Adjournment: **5pm**