



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

**Minutes**

**for**

Wednesday, May 18, 2016 Meeting

I. Call to order: **3:00pm**

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

Council Liaison:  Cathy Murillo

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

III. Public comment: **None**

IV. Review and approve the February 17, 2016 meeting minutes: **Unanimously approved as-is**

V. Old Business

a. Wage Tiers

i. Update on going to a single Living Wage tier

**Bill: I have made progress towards going to a single wage tier with the goal of bringing a recommendation to the June 14 Ordinance Committee Meeting. I will provide the recommendation to the Living Wage Advisory Committee after the draft is finalized. As previously discussed, the City will be recommending the middle wage tier, \$14.78, as the single wage tier because the benefits required by state and federal laws (e.g., health insurance, sick leave, etc.) are similar to the benefit requirements to qualify for the middle wage tier. By the time the minimum wage rises to \$15/hour, the middle wage tier is projected to be \$17.08. The projection was calculated using a fifteen (15) year average of the Consumer Price Index used for calculating increases. The committee can make their own recommendation to Council or to the Ordinance Committee to use the highest wage tier.**

**Dick: We should start with the premise of what we thought was a living wage, which was the top tier, and make a recommendation to Council. Most firms are already paying the highest wage tier and the highest tier is what others cite as a living wage for Santa Barbara.**

**Ken: I will support City's staff recommendation. The middle wage tier includes those benefits and businesses are paying for those benefits. It should not matter whether or not those benefits are now required.**

**Dick: I am concerned about staff potentially recommending a lower wage tier.**

Therefore, I make a **motion**, seconded by Gregory, to recommend that the single wage tier to set at the current highest Living Wage tier.

**Ken:** I support going to a single wage tier.

**Gabe:** The ordinance is out of date in this area. We should recommend that Council fix it without specifying how to fix it.

**Bill:** My experience is that Council will want a recommendation.

**Vote on motion** for using the highest wage tier passed 3 to 2 with Anna, Dick, and Gregory voting for, and Gabe and Ken opposed.

**Bill:** A single wage tier will be simpler for businesses and easier to enforce.

The committee requested that their recommendation be included with and/or presented to Council with staff's recommendation.

- ii. Impact of SB 935, new California \$15 minimum wage, on the single wage tier (in addition to increasing the minimum wage, the law requires employees to accrue sick leave)

**Ken:** The minimum wage will be \$15 per hour in 2022. SB 3 increased the minimum wage but did not require the accrual of sick leave. Sick leave accrual was added by other legislation.

- b. Dollar threshold for triggering Living Wage requirements

- i. Review and discuss a report of vendors that would be subject to the Living Wage requirements if the annual threshold was eliminated

**Greg:** I spoke with the Waterfront and the Airport and they do not want to eliminate the thresholds.

**Tabled.**

- ii. Discuss whether or not to change or eliminate the threshold to trigger Living Wage

**Ken:** Why was the threshold put in there in the first place?

**Dick:** We did not want to burden small contractors for small contracts.

**Bill:** The feedback from vendors is that there is administrative burden to paying the Living Wages because it is higher than their employees' normal wages and the extra work would not be worthwhile for small dollar contracts. I was not here when the ordinance was being discussed so I do not know how they settled on a specific threshold. As I recall, when we looked at other public agencies that have Living Wage Ordinances, they all had thresholds and many were much higher than ours.

**Ken:** I have no basis for establishing the threshold and do not know the sweet spot. The threshold should be set by the feedback from contractors and from staff on whether or not they are receiving a sufficient number of bids.

**Bill:** The current threshold has not adversely impacted bidding and we have not received any complaints from vendors or from City departments on the number of bids received. The only issue is that the number is not rounded and is difficult to remember.

**Dick:** Was there an issue with Living Wage contractors competing against non-Living Wage contractors?

**Bill: Yes. This issue was mentioned in the vendor survey that we conducted several years ago. To mitigate this issue, we try to aggregate bids together so that the value of the contract exceeds the Living Wage threshold. However, if new work comes up during the year and is under the threshold then other bidders that do not have contracts with the City could bid on it without paying the Living Wage rates. After aggregating bids, some vendors than complained that the larger contracts were attracting competition from outside the area.**

**Tabled.**

## VI. New Business

- 1) Discuss the potential impacts of California Minimum Wage increases (SB 3)

**Ken: With the minimum wage going up and if we believe that it is important to require companies wanting to do business with the City to pay Living Wages then this is something the City should do as well. Can we have someone from the City address this issue at our next meeting?**

- 2) Hear and discuss audit results and future audits

**Ken, the auditor, presented his findings on Able Building Maintenance (“Able”). They are a Los Angeles contractor but use a local employee. Able provides janitorial services at the Santa Barbara Airport. The services include day to day janitorial services as well scheduled services such as annual window cleaning. The auditor was able to determine that Able was in compliance with the Living Wage requirements for the day to day janitorial services but is still waiting for records for the roving crews that provide the scheduled services.**

**The committee directed Bill to select the firms for future audits and to report back to the committee.**

- 3) Hear and discuss a report from the subcommittee regarding fines and hearings

**Ken and Gregory presented their report which recommended that we maintain local control over the process as opposed to asking the State to enforce.**

**Bill: The City Attorney’s office recommends that either the advisory group appoint a hearing officer or have the City Administrator appointment a hearing officer primarily because of training issues. After much discussion, the group decided to follow the practice used for building code violations and have a hearing officer appointed by the City Administrator from a list of trained hearing officers.**

- 4) Update on Committee vacancies

**Two applications were received for the committee. Ken reapplied as the representative for the Chamber of Commerce and another application was received as an employee of a local non-profit.**

- 5) Discussion of having a Wage Forum.

**This was a suggestion from Cathy and she was not present at the meeting so the item was tabled.**

- 6) Future agenda items

- a. **Dick: Review and discuss the non-profit exemption**

- b. **Ken: Hear and discuss a report from the City on why the City does not pay the Living Wage to all of its employees (e.g., parking attendants, etc.)**

## VII. Adjournment: 4:25pm