



STUDY SESSION MEMORANDUM

TO: Mayor and Members of City Council

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DATE: June 14, 2016

SUBJECT: Options to Expand Living Wage

I. PURPOSE

On Feb. 16, 2016, City Council considered further options to expand the City of Boulder Living Wage Resolution 926. City Council discussed the identified options and provided direction for staff follow up through three motions. The purpose of this study session is to follow up on the information requested and determine next steps. The Feb. 16, 2016 City Council memo regarding Living Wage can be found [here](#).

A summary of the information in this update is provided below and financial impacts summarized in (**Attachment A: Summary Table of Living Wage Options and Estimated Costs**). Please find a summary of the terms used in this memo in (**Attachment B: Definitions**).

Expand Living Wage Resolution to Part-Time and Temporary Employees

- The expanded Living-Wage Resolution was implemented Feb. 1, 2016, to coincide with the annual update to the Federal Poverty Guidelines (FPG). The 2016 living-wage rate is \$14.02.
- The annualized cost to expand the Living Wage to include 68 part-time and temporary employees was \$172,000.

Conduct a City of Boulder Employee Wage Analysis

- The estimated cost to further expand the current Living Wage Resolution to \$14.02/hour for 473 seasonal employees is \$1M annually.

- The estimated annual cost to increase the Living Wage for standard and temporary employees to \$15.67 and \$17.97/hour is \$134,000 and \$564,000 respectively.
- The estimated annual cost to increase the Living Wage for seasonal employees to \$15.67 and \$17.97 is an additional \$1.5M and \$2.4M respectively.
- Analysis indicates there is not a salary compression issue between supervisors and employees at any of the three living-wage rates.
- A living-wage is designed to provide a wage rate sufficient for workers to meet the basic needs of their families.
- The City of Boulder compensation philosophy is performance based, dedicated to delivering responsive, high-quality, innovative services that exceed the expectations of the community. The philosophy supports responsible stewardship of public funds and enables the city to attract and retain talented employees, committed to serving our community.

Explore an Increase in Wage Rates for Janitorial and Landscape Contracts

- Janitorial and landscape contractors primarily utilize their own employees to provide service and do not subcontract. It is estimated that 30-35 janitorial and landscape employees employed by city contractors would receive an immediate pay increase if the living-wage requirement were implemented. Of those janitorial employees, approximately 60 percent reside within Boulder city limits
- Voluntary benefits are provided and significantly vary, with most contractors requiring their employees to pay a portion of the cost. Most employees do not choose to participate in the voluntary benefit programs.
- For landscape and janitorial services, the increased cost to implement a living-wage provision above the current expenditure ranges from \$334,000 to \$708,000, including administration and compliance, depending on wage rate selected.
- Contractors generally reported they should be able to comply if the city utilizes a certified payroll approach.

Conduct a Janitorial and Landscape Services In-House Analysis

- The Novak Consulting Group was contracted to assist with the cost and implementation analysis (**Attachment C: Novak report: In-House Analysis – Janitorial and Right of Way Maintenance**). In-house janitorial services were analyzed for 51 facilities totaling 536,091 square feet.
- Two models were evaluated for janitorial services, including a full-time model which assumed janitorial services would be staffed by full-time employees with centralized management for more efficient operations, training and employment. The increased cost for this model ranges from \$981,000 to \$1.3M. The second model assumes janitorial services would be staffed by part-time employees with decentralized departmental management. The cost for this model ranges from \$2M to \$2.4M annually.
- The estimated cost for landscape services (right-of way mowing) staffed in-house ranges from \$317,000 to \$380,000 annually.
- Since 2000-2001, the City of Boulder budget strategy has included an emphasis on outsourcing to ensure programs and services are being provided in the most efficient and effective manner possible. This strategy continues to be in alignment with the city's current budget policies.

Look at Other Communities' Approaches

A peer community survey was distributed April 29, 2016, with responses from Denver, CO; Ann Arbor, MI; Madison, WI; and, Santa Cruz, CA. (**Attachment D: Peer Community Survey**).

Conduct a Cliff Effect Analysis

Low-wage employees in Colorado can be eligible for work supports that are intended to act as stepping stones to self-sufficiency, such as the federal Supplemental Nutrition Assistance Program (SNAP) and Colorado Child Care Assistance Program (CCCAP). As workers' wages increase, eligibility for work supports decreases and in some cases, a small pay increase can trigger the loss of supports significant enough to be a substantial net loss in resources. An analysis of child care and food supports indicates that supports diminish, but are not lost, up to \$17.97/hr., using the example of a family of four with two children.

Financial Policies and Fiscal Sustainability

The current financial policies of the city have been put in place to help build long term financial sustainability through times of revenue variance, economic fluctuation and natural disaster. These policies also focus on providing the financial framework to best meet community priorities over time. One tenet of the policies is ongoing costs must be balanced with ongoing revenues. Therefore, it is important to balance potential costs of new or expanded programs being considered, with revenues available and within the context of all other priorities.

II. QUESTIONS FOR COUNCIL

1. Does council wish to expand Living Wage beyond the current \$14.02 to currently covered employees (standard full-time and part-time and temporary employees) to either \$15.67 or \$17.97?
2. Does council wish to expand Living Wage to include seasonal employees? Does council wish to include summer jobs in the living wage? If yes, at what wage rate?
3. Does council wish to bring janitorial and landscaping services in-house? If yes, at what wage rate? If no, does council wish to apply a living-wage rate to these contracts? If yes, what wage rate?
4. Does council wish staff to do further analysis regarding other types of city contracts for consideration for future budget years? (Other for-profit, governments, school districts nonprofits)?

III. BACKGROUND

Rationale for Living Wage

The municipal and county living-wage movement began in the early 1990s, passing the first ordinance in 1994 in Baltimore. Since then many city and county governments across the country have adopted some form of a living-wage ordinance (LWO) or policy, largely as a result of the growing gap between wages, including federal and state minimum wages and cost of living. Ordinances and policies vary widely in their range of coverage. Some apply to all workers employed within a geographic area, others only to city or county government employees. Some cover employees of entities that provide

contract services to the city or county government. Still others cover some combination of the latter two.

LWOs and policies also vary widely in the timing with which they take effect. Some require all employers to meet the newly passed living-wage upon passage of the ordinance or policy. Others require that the wage be met incrementally over a period of years. Most are tied in some way to cost-of-living indices that help gauge inflation or deflation and estimate numbers of people living in poverty, such as the Federal Poverty Guidelines or the Consumer Price Index.

Currently, Colorado state law prohibits the establishment of a citywide minimum wage. C.R.S. section 8-6-101 declares that no Colorado “unit of local government” is permitted to set “jurisdiction-wide” wages for any persons other than its own employees. In short, establishing a minimum wage for all employees within the city limits of Boulder would be a violation of state law.

City Manager Executive Action

As part of an ongoing effort to encourage fair wages in the City of Boulder, in January 2015, City Manager Jane Brautigam convened a working group of city staff to prepare an update to the current Boulder Living Wage resolution for council consideration. Living Wage was last considered by council in 2001-03, at which time it adopted Resolution 926 committing the city to pay all standard full-time City of Boulder employees no less than 120 percent of the Federal Poverty Guidelines for a family of four.

In 2003, that wage was calculated to be \$10.62/hour. As recommended in the resolution, it has been adjusted each year to remain at 120 percent of the Federal Poverty Guidelines for a family of four. In recent years the wage has increased to \$13.59/hour (2013), \$13.76/hour (2014) and \$13.99/hour (2015). The rate for 2016 is \$14.02.

Board and commission and public feedback can be found in the [Feb. 16, 2016 council memo](#).

IV. ANALYSIS

The following is an analysis of the options under consideration based on City Council motions passed at the February 16, 2016 City Council meeting and additional questions from council.

(Attachment A) summarizes the potential additional costs of the various elements of a living-wage expansion being considered in this memo. As council continues discussion of Living Wage and provides further direction to staff, costs will be refined and included in the 2017 budget process, including the potential need for tradeoffs and/or new revenues.

City Council Motions

Motion A: *Motion to support the amended Resolution 926 to reflect the City Manager’s Executive Action to expand the Living-Wage Resolution to cover temporary and part-time employees.*

The expanded Living-Wage Resolution was implemented on Feb. 1, 2016. The annualized cost to implement this measure for a total of 68 part-time and temporary employees was \$172,000 for 2016.

Motion B: *Motion to direct staff to analyze three wages: \$14.02, \$15.67, and \$17.97 across the categories of standard, part-time, temporary and seasonal employees.*

City Compensation Plan

The City of Boulder is a pay-for-performance based organization dedicated to delivering responsive, high-quality, innovative services that meet or exceed the expectations of the community we serve in a fiscally-responsible manner. The city's total compensation program builds and reinforces a high-performance culture that drives excellence, innovation and responsible stewardship of public funds and accountability. This enables the city to attract and retain talented employees who are committed to serving our community. Expectations of employees are high and the city compensates employees in tangible and intangible ways, consistent with the city's total compensation philosophy.

The city's compensation program maps goals with results that are aligned across the city through an employee performance appraisal system which ensures close alignment of employee compensation with organizational strategy. The city eliminated a general pay increase in 2009 in favor of a pay-for-performance approach. The pay-for-performance approach is based on a broad definition of the market, a stronger focus on performance and the notion that progression through the salary range is neither automatic nor a function of the amount of time an employee spends in the job. For the City of Boulder, the local market surveyed for benchmark salary data historically has been defined as Front Range public employers with a population greater than 50,000.

The market rate for salaries, merit matrix percentages and salary grades are analyzed annually and adjusted as needed to reflect ongoing labor market movement and the city's ability to pay. Currently, the city provides "competitive" pay with respect to the labor market. At the end of 2015, data showed that on average, the city was paying at the market average or above for most positions.

Market Rate vs. Indexing Implications

The city is a market rate based employer, as are most other local governments along the Front Range (**Attachment E:** Front Range Salary Benchmarking). Market rate pay fluctuates with the cost of employment, job skills and the state of the economy. City of Boulder adjusts the lowest wage it pays some employees each year based on an index that corresponds to 120 percent of the current FPG for a family of four. This is the city Living-wage, which is currently \$14.02/hour or \$29,161 per year. The FPG is an index that tracks with the economy and the cost of living and is adjusted annually.

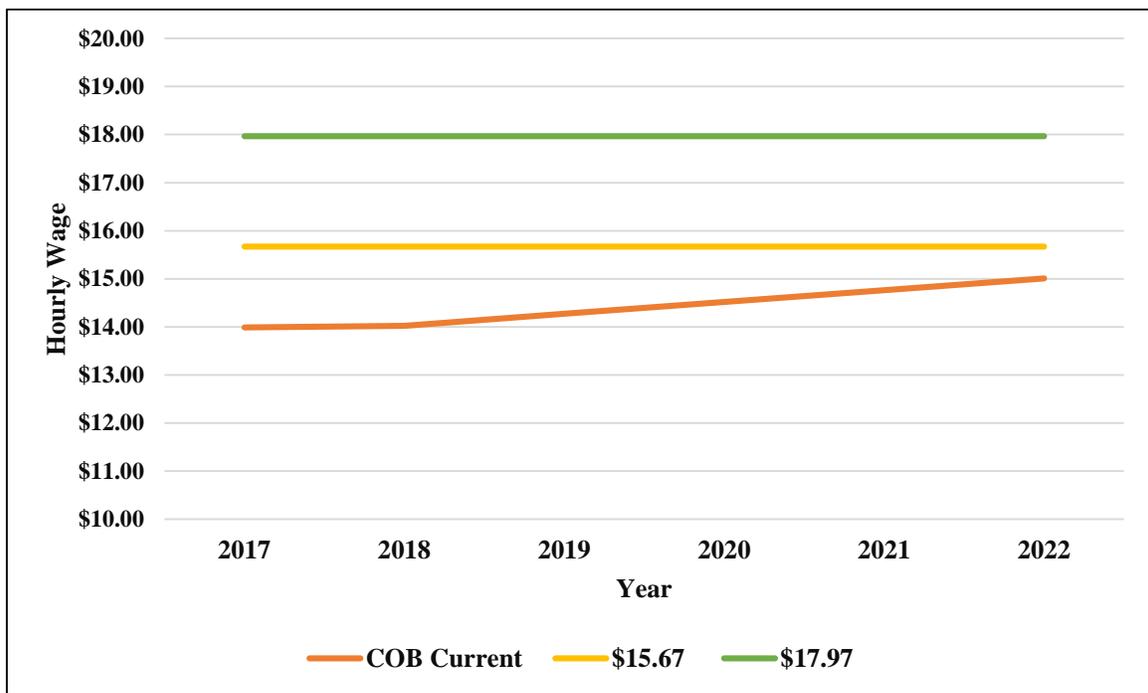
Currently, the Management/Non-Union and the Boulder Municipal Employees Association employee group compensation systems are market based, pay for performance systems. If a higher living-wage rate is indexed to the Consumer Price Index or another index, then additional employees from both groups will become a part of this indexed group for determining pay. All employees earning less than the new living-wage rate would have their pay increased each time the living-wage is updated, while those

earning more than the living-wage will only have opportunities to earn increases through performance ratings.

Having two employee groups tied to different philosophies could eventually create compression issues if the salaries of employees based on the living-wage rate increased at a faster rate than those tied to the market, which eventually would result in equity concerns. Typically, indexed rates go up with the cost of living while market rates are influenced by supply and demand for certain skills and the economic climate. Consequently, if the city were to revert to a system where more employees receive indexed based pay, this could cause additional equity concerns and not be in alignment with the current compensation philosophy and organizational strategy.

For added comparison, the chart below illustrates the effect over time, based on the current projected City of Boulder living-wage indexed increase (120 percent FPG, annually) and the \$15.67 and \$17.97 wage rate scenarios compared to the projected Self-Sufficiency Standard (SSS) from 2017-2022, based on a family of four with two children. The SSS is the geographic based standard published periodically by the Colorado Center on Law and Policy. This standard is not indexed as the FPG is, however an indexing measure could be established.

Chart 1: Comparison of Projected Living Wage Amounts Over Time



The SSS is the highest threshold, while the current City of Boulder index is projected to reach one of the proposed rates for the living-wage of \$15.67/hour by 2021, without indexing the SSS.

The following chart summarizes the budget impacts of options to increase living-wage for City of Boulder employees beyond the current \$14.02 living-wage.

Chart 2: Total Compensation Estimated Increased Annual Cost*

Employee Group*	At \$14.02		At \$15.67		At \$17.97	
	# Impacted	Cost	# Impacted	Cost	# Impacted	Cost
Standard (full time and part-time)		**		\$80,583		\$388,091
Temporary		**		\$52,872		\$175,298
Seasonal		\$1,001,325		\$1,536,534		\$2,389,302
TOTAL	712	\$1,001,325	961	\$1,669,989	1,064	\$2,952,691

*Total compensation includes wages and a percent of base pay for benefits.

** Implemented in 2016 at a cost of \$172,000.

Analysis of the costs of extending a living-wage to seasonal employees indicates significant cost increases for two of the three city departments that have seasonal employees.

Further analysis indicates increasing the living-wage does not create a compression issue for full time management employees. (**Attachment F: Salary Differentials**) identifies base salary differential between seasonal employees and their supervisors.

Summer Jobs

Given the costs associated with implementing a living-wage increase to all seasonal employees, one option would be to exempt summer jobs from a living-wage. A living-wage is designed to provide a minimum hourly wage sufficient for workers to meet basic needs of their families. In addition to other seasonal jobs in the city, both the Parks & Recreation, and the Open Space & Mountain Parks (OSMP) Departments provide opportunities targeted primarily to the summer employment of the Boulder community. Since these opportunities are targeted to a labor pool who, by-and-large, live with their families and are not responsible for meeting basic living needs, providing those positions with a living-wage beyond their market value may not be consistent with the general purpose of a living-wage standard.

These positions include:

- Junior Ranger Program in OSMP that annually employs 100 youth for month-long work assignments; and
- Parks & Recreation annually employs over 300 employees in 15 seasonal classifications that are primarily a summer labor pool, including cashiers, camp program aides and reservoir operations crewmembers.

Motion C: Part 1 - *Motion to direct staff to explore bringing janitorial and landscape contractor services in-house.*

The Novak Consulting Group (**Attachment C**) was contracted to analyze the cost and provide an implementation plan for bringing janitorial and landscape contractor services in-house. Due to the deadlines for the 2017 budget, analysis was limited to these services contracted by the city.

In-house janitorial services were analyzed for the recreation and senior centers, libraries, administrative buildings, utility plants and service centers – 51 facilities totaling 536,091 square feet. Two models were analyzed for janitorial services. For the full-time model, it was assumed that janitorial services would be centralized for more efficient operations, employment and training. Staffing was determined from department interviews on service needs, scheduling, asset inventories, facility tours, existing contracts and industry standards. The cost for this model ranges from \$981,000 to \$1.3M annually.

In a decentralized environment where individual departments manage janitorial staff, as it is currently, part-time positions were modeled. It should be noted that existing janitorial contractors currently have full-time positions but have only been able to fill those positions with part-time staff. Personnel turnover is expected to rise to 20.4 percent in the part-time model versus 6.8 percent in the full-time model, which in turn raises other support costs. The cost for this model ranges from \$2M to \$2.4M annually. The report summarizes in-house staffing needs and costs. Landscaping services were analyzed and the only recurring landscape service being contracted out was for maintaining the right-of-way. This comprises 53 areas totaling 85 acres.

History of Outsourcing City Services

In the 2000/2001 City of Boulder budget, the budget strategy included ensuring that city programs and services were being provided in the most efficient and effective manner possible under the auspices of a continuous improvement philosophy. To that end, one of the three managerial goals achieved was “Increased Privatization,” which in 2000 included outsourcing additional services such as rental housing inspection, survey operations, bargaining unit negotiations and tax audit hearings. Staff would also continue to evaluate options to determine if increased privatization and outsourcing could result in more efficient, flexible, or effective service delivery in the future.

At the 2006 City Council Retreat, an initiative was put forward to appoint a blue ribbon commission (BRC) to study revenue policy issues confronting the city. This committee consisted of technical experts in governmental tax policy, as well as community members who understood the history of Boulder sales tax initiatives and who could evaluate political receptiveness to future initiatives. On Jan. 15, 2008, the BRC presented a report to council that focused on stabilizing revenue sources. This stabilization effort included diversifying and extending current revenue streams, evaluating new revenues, implementing financial policies and ensuring efficient and effective use of public funds. Actions were taken in response to recommendations. Additionally, in September 2008, the City Manager's Office convened a second Blue Ribbon Commission (BRC II) that focused on reviewing city expenditures to ensure that public funds were being used effectively and efficiently. The BRC II also asked departments to identify organizational changes that had been implemented, including opportunities for further outsourcing. This examination of both revenue and expenditures, by the respective Blue Ribbon Commissions, helped manage the potential gap between revenues and expenditures that had been projected by 2030 and prepare for future revenue initiatives that were subsequently considered and supported by Boulder voters.

Citywide examples of the efficiencies of outsourcing are:

- Fleet Services increased shop efficiency and productivity using vendors to provide services such as paint and body repair, automotive glass replacement and repair services and pickup and delivery of vehicles. This strategy has gained over 1,000 hours a year of mechanic productivity.
- Facilities and Asset Management in-house personnel costs (salary and benefits) account for only 23 percent of its operating budget due to aggressive outsourcing.
- In Transportation, examples of services contracted out to the private sector include engineering and survey services, street pavement marking, traffic signage installation, signal system capital and preventive maintenance, sidewalk replacement and street overlay. The airport contracted out snow removal, weed spraying, weed moving and general maintenance operations. Privatization of these services allowed timely performance of such operations without the need for additional FTEs and purchase of additional equipment.
- In the Library, the use of outsourced services, including custodial and courier services, had allowed the Library to redirect budget resources to areas experiencing higher than average inflationary increases.
- Parks and Recreation contracted custodial services at the East Boulder Community Center, converting the dollars from standard positions thereby saving benefit costs.

Motion C: Part 2 - *Motion to direct staff to explore wage negotiations to \$15.67/hour for janitorial and landscape contractors.*

Background

The following is a summary of vendor input and associated impacts if the city adopts a living-wage provision for contracted facility maintenance services. (**Attachment G: Living Wage Financial Summary-Contracted Services**) outlines the projected impact to city contracts based on the estimated annual spend in all service categories.

Staff identified services related to a variety of facility maintenance activities and received additional input from user departments and Facilities and Asset Management (FAM) to ensure potentially affected vendors were contacted to estimate the impact of a living-wage. Twenty-seven vendors that supply the following services were contacted, with 25 vendors responding:

- Janitorial (regularly scheduled facility cleaning services)
- Landscape
- Security
- Pest Control
- Painting
- Roofing
- Fencing
- Carpet & Flooring Installation
- Floor Mats
- Carpet Cleaning
- Pressure Washing
- Tile/Grout Cleaning and Sealing

- Window Washing

Vendors were provided a general overview of the proposed living-wage hourly rate options being considered. The vendors were also asked for input on vendor-related questions raised by City Council.

Janitorial and landscape vendors and other vendors provided additional detailed feedback related to specific questions from council members. This information can be found in (**Attachment H: Feedback from Janitorial and Landscape Vendors**).

Impact to Additional Services and EMS

While this analysis focused primarily on building maintenance services, it is important to note that implementation of a living-wage could have an additional impact on more skilled services contracted by the city such as construction services, concrete services and asphalt paving services, should council chose to include additional services for consideration.

Boulder Fire and Rescue has approached the city's ambulance services provider, AMR, regarding the impact of a living-wage expansion to their contract and operations. AMR has advised an hourly wage of \$14.02 could potentially work, but make the Boulder contract far less attractive since they would be unable to absorb the increase through fee increases. An hourly wage that approaches \$15.00/hour would cause wage compression issues in their organization. Time is needed to determine if this is possible and, if so, what the cost implication and timeline would be. Bringing EMS services in-house would require adding staff and vehicles and capital infrastructure development needed to house the additional staff and equipment. This would likely be a multi-year process. Given the critical, life-saving nature of EMS services, the current model is recommended to remain in place while additional analysis occurs. Boulder Fire and Rescue intends to renew the contract with AMR through 2017.

Implementation

If a living-wage is adopted for contractors, the following are steps that may be required for implementation:

- Existing affected contracts would need to be either updated via a contract amendment to incorporate a living-wage clause and corresponding rate increase or allowed to continue with the existing contract terms until the current contract expires and a new contract or renewal is needed. Input from the City Attorney's Office would be needed to develop the contract amendment or renewal language.
- A living-wage provision would need to be developed and incorporated into the city's bidding and contracting templates for all future competitive solicitations. Input from the City Attorney's office would likely be needed to develop this provision.
- Determination whether to include the living-wage provision into the city's ordinances, documents and websites would need to be determined and updates completed as appropriate.
- Department budgets would need to be reviewed and allocations made to account for the projected impact.

- The appropriate compliance and monitoring activity would need to be implemented based on the number and complexity of the contract pool.

Notes and Assumptions

- The analysis was based on information received from our known vendors in these respective areas and is an estimate based on known contracting activity. Staff surveyed departments in an effort to capture and incorporate all contracting activity.
- The analysis captures vendors and associated spend paid directly by the city. The analysis does not include subcontracted activity.
- There could be vendors who currently pay more than an implemented living-wage that will try to initiate contract rate increases and use this initiative as the catalyst for the higher rates. The city would need to review these requests on a case by case basis.

Motion C: Part 3 - *Motion to direct staff to provide information on implementation strategies of other communities.*

A peer community survey was distributed April 29, 2016 with responses from four communities – Denver, CO; Ann Arbor, MI; Madison, WI; and Santa Cruz, CA. Detailed information on the survey results can be found in (**Attachment D**). A variety of strategies have been implemented, including:

- Living-wage rates range from a low of \$11.68/hour in Denver to a high of \$16.38/hour without benefits in Santa Cruz, CA. The average is \$13.20/hour with benefits.
- Three of the four made it applicable to subcontractors and two of the four made it applicable to nonprofits.
- None of the cities in-sourced already contracted janitorial or landscaping services.

Motion C: Part 4 - *Motion to direct staff to provide information on the Cliff Effect for each wage analyzed. Consider impacts to social agencies such as the Bridge House Ready to Work Program.*

Impacts of Cliff Effect at Three Wage Rates

Low-wage employees in Colorado can be eligible for work supports that are intended to act as stepping stones toward self-sufficiency. Examples of work supports offered in Colorado are: Supplemental Nutrition Assistance Program (SNAP) formerly known as food stamps, Temporary Assistance to Needy Families (TANF) cash assistance, Low-Income Energy Assistance Program (LEAP), and CCCAP.

As employees' wages increase, eligibility for work supports decreases. However, in some cases a small pay increase can trigger the loss of a work support significant enough to amount to a substantial net loss in resources for a family. That's known as the "Cliff Effect" because the drop in resources amounts to an economic cliff. Historically, the biggest cliff, CCCAP, can set families back enough that only a lengthy period of pay increases would enable them to once again break even.

According to the Colorado Center on Law and Policy, Boulder County does a good job of administering work supports to minimize the likelihood of cliffs. Eligibility is determined by a broad range of factors, only one of which is income. Applicants for support are handled on a case-by-case basis. Of all work supports, eligibility for only two might be affected by a pay increase alone. Those are CCCAP and Food Assistance (FA).

In order to look more closely at how child care and food support might be affected by pay increases proposed as part of living-wage deliberations, the following chart and graph are based on the example of:

- A family of four;
- One full-time wage earner;
- Two children under age five; and
- A monthly housing rental of \$1000, plus heating.

The chart below shows child care assistance would remain unchanged under any of the three wage scenarios under consideration by the city. However, food assistance subsidies would vary with each wage level. At \$14.02/hour, the family would receive \$267/month in FA benefits, or \$3,204 per year; at \$15.67/hour, they would receive \$185/month, or \$2,220 per year; at \$17.97 they would receive \$41/month, or \$492 per year.

Chart 3: Impact to Child Care and Food Assistance of Wage Increases

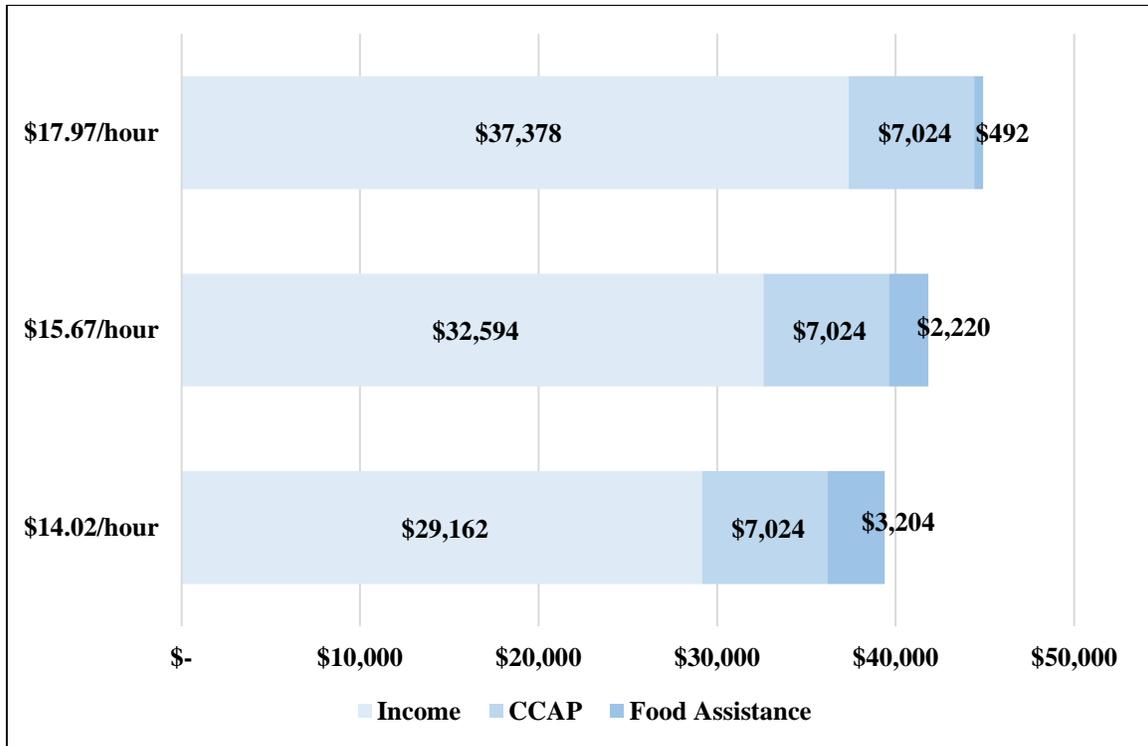
Hourly Wage	Annual Income	CCCAP Eligible Annual Dollar Amount	Food Assistance Eligible Annual Dollar Amount	Total
\$14.02/hour	\$29,162	\$7,024	\$3,204	\$39,390
\$15.67/hour	\$32,594	\$7,024	\$2,220	\$41,838
\$17.97/hour	\$37,378	\$7,024	\$492	\$44,894

The bar graph below provides a snapshot of the family at each wage level and an estimate of the resources provided by work supports as opposed to earned wages. For the \$14.02 wage, approximately 26 percent of income is from supports; for \$15.67, approximately 22 percent is from supports; for \$17.97 approximately 17 percent is from supports.

For both child care assistance and food assistance in the example provided, the family would continue to be eligible for these supports at all three proposed wage levels.

The chart on the next page identifies eligible child care and food subsidies based on income.

Chart 4: Eligible Child Care and Food Subsidies Based on Income



Impacts to social agencies such as the Bridge House Ready to Work Program

The city currently has contracts with a variety of community agencies including nonprofits, other governments and the school district for the specific purpose of providing funding to provide social programs and services that benefit residents. These contracts provide a social benefit to the community, as opposed to a service to the city organization. These contracts are often for the benefit of low-income, at-risk, under-represented communities or those with significant needs. Examples are contracts with community agencies such as Mental Health Partners, Boulder Shelter for the Homeless, Bridge House and Clinica Campesina for basic needs services.

A second example are contracts for services with a social purpose that also provide a service to the city organization. A contract that falls into this category is the Bridge House Ready to Work Program. The city currently contracts with the Bridge House Ready to Work Program for basic landscape and general labor through four city departments:

- Parks and Recreation (general clean up labor on park lands, downtown and the Reservoir);
- Parking Services and Public Works (general clean up, litter pick up, graffiti removal, sanding and painting, clearing flower beds at parking facilities, Pearl Street Mall, Civic Area); and
- Open Space and Mountain Parks (trail maintenance, weed removal, trash pick-up).

In these cases, Ready to Work participants provide a labor service to the city organization, which the city would likely otherwise contract for, if not provided by Ready

to Work. The additional benefit to the community is the social benefit of providing vocational training and employment skills for the homeless and those recently homeless as they transition to greater self-sufficiency.

Eligible participants in the Ready to Work Program are paid \$8.31/hour with a raise to \$9.00/hour at four months. Bridge House bills the city for actual work performed on an as needed basis and includes administrative costs such as worker compensation, liability insurance and supervision, amounting to \$14.00/hour. Contracts and rates are negotiated annually. An increase to \$15.67 or \$17.97/hour plus overhead would result in the following approximate additional costs:

Chart 5: Ready to Work Program Additional Costs

Cost increase at \$15.67 + current rate of overhead	\$93,000
Cost increase at \$17.97 + current rate of overhead	\$125,000

Chart 6: 2015 Ready to Work Program Payments

Parking Services	\$39,671.00
Parks & Recreation	\$42,367.62
OSMP	\$41,512.00
Public Works	\$1,494.00
Total	\$125,044.62

Should this specific type of contract be included for requiring a living-wage rate, the following are likely scenarios:

- The number of trainees able to participate in the program might be reduced, dependent on other sources of agency funding; and/or
- The total City of Boulder contract amount would increase to provide the same level of service.

This scenario would likely apply also to other contracts with community agencies for the purpose of providing a social benefit to the community.

In addition to nonprofit agencies, the city contracts with Boulder Valley School District, Boulder County and community groups for the purpose of advancing community social welfare goals. An assessment of impacts to other types of organizations and governments would need to be undertaken should council determine it would like to extend living-wage to these contract classifications. Other nonprofits the city contracts with are in the arts, transportation, clean energy and zero waste.

Financial Policies and Fiscal Sustainability

During 2013 and 2014, a cross-departmental team completed the update of the City's Comprehensive Financial Strategy (CFS). This is the evolution of the original Blue Ribbon Commission work, cited earlier. The conclusion from the Commission's work was if the city continued on the same path, there would be an annual gap between revenues and expenditures of \$135 million per year by 2030. Since that report, council has implemented and adhered to a significant financial policy that has brought stability to the financial situation of the city and resulted in a balanced budget. That policy is, ongoing expenditures are balanced to ongoing revenues and one-time revenues are used for one-time expenditures. By using this financial discipline on an ongoing basis and if it is used in the future, the gap for currently provided services is eliminated.

To maintain this position, the challenge occurs when new ongoing services and programs or other increased costs are added. These new costs need to be kept in balance with ongoing revenues. The ongoing revenues may come from normal growth in current revenues, new revenues that are approved by the voters or by reducing current expenses that are equal to the new costs.

The current revenue outlook has been revised downward in the last six months and it is not anticipated that the city will have increased ongoing revenue that would be adequate to cover the increased ongoing costs of implementing a living-wage, depending on the options selected. Therefore, it may be necessary to reduce costs elsewhere in the city's budget or seek new revenues to cover these additional costs.

Additionally, not all city funds would be equally impacted by these costs and the means to either reduce costs or increase revenues would need to be analyzed by fund.

(**Attachment I: Living Wage Expansion**) shows potential increased costs of Living Wage Expansion by Fund for contracts and employee compensation.

V. STAFF RECOMMENDATIONS

1. Options should be considered in the context of the 2017 and beyond budget projections.
2. Staff recommends a two-year phase in of:
 - a. 2017: Continue landscape and janitorial as contracted services and require the \$14.02 living-wage rate for these employees.
 - b. 2018: Raise all covered employees and janitorial and landscape contracts to at least \$15.67/hr.
3. Assess impacts of adding seasonal employees in more thorough detail for subsequent years, as this will have significant budget impacts and would need to be phased and trade-offs identified.
4. Exclude other governments, school districts and nonprofits from Living Wage at this time. Assess subsequent to seasonal employee analysis and determination.
5. Continue current AMR contract with Boulder Fire Rescue through at least 2017, while additional analysis continues to determine feasibility of bringing emergency services in-house.

VI. NEXT STEPS

Staff follow up on City Council direction from June 14 Study Session
City Council Study Session: 2017 Recommended Budget scheduled for Sept. 13
Anticipated implementation on council direction would occur during 2017

VII. ATTACHMENTS:

Attachment A: Summary Table of Living Wage Options and Estimated Costs
Attachment B: Definitions
Attachment C: Novak Report: In-House Analysis – Janitorial and Right of Way Maintenance
Attachment D: Peer Community Survey
Attachment E: Front Range Salary Benchmarking
Attachment F: Salary Differentials Between Living Wage Impacted Employees and Supervisors
Attachment G: Living Wage Financial Summary – Contracted Services
Attachment H: Feedback from Janitorial and Landscape Vendors
Attachment I: Living Wage Expansion – Estimated Cost Impact by Fund

ATTACHMENT A: Summary Table of Living Wage Options and Estimated Costs
Estimated Cost Impact - Living Wage Options

I. Cost Elements

	Potential Minimum Rate of Pay			Estimated One-time Costs
	\$14.02	\$15.67	\$17.97	
Estimated Ongoing Cost Increases	\$14.02	\$15.67	\$17.97	
Employees				
Standard full-time and part-time	\$0	\$80,583	\$388,091	
Temporary	\$0	\$52,872	\$175,298	
Seasonal				
total seasonals:	\$1,001,325	\$1,536,534	\$2,389,302	
<i>seasonals excluding summer employment:</i>	<i>\$275,399</i>	<i>\$596,902</i>	<i>\$1,139,874</i>	
Subtotal Employees:	\$1,001,325	\$1,669,989	\$2,952,691	
<i>Subtotal Employees excluding summer employment:</i>	<i>\$275,399</i>	<i>\$730,357</i>	<i>\$1,703,263</i>	
Contracts				
Janitorial	\$210,432	\$321,084	\$475,374	\$0
Landscape	\$43,671	\$71,671	\$115,294	\$0
Other Building Maintenance	\$340	\$9,052	\$37,031	\$0
Contract Compliance (1 FTE + NPE)	\$80,000	\$80,000	\$80,000	\$76,500
Subtotal Contracts:	\$334,443	\$481,807	\$707,699	\$76,500
In-Sourcing				
Janitorial				
full-time, centralized model	\$981,303	\$1,121,286	\$1,316,276	\$195,300
part-time, decentralized model	\$2,009,848	\$2,182,315	\$2,422,506	\$183,300
Landscape (Right-of-way Mowing only)	\$317,063	\$342,993	\$379,121	\$473,000

Definitions

Federal Poverty Guidelines: Issued each year in the *Federal Register* by the Federal Department of Health and Human Services (HHS), these guidelines are a simplification of the poverty thresholds for use for administrative purposes — for instance, determining financial eligibility for certain federal programs.

Living wage: The rationale for a living wage is that people who work in a community should be able to live and raise their families there. This requires a wage and benefits package that takes into account the area-specific cost of living, as well as the basic expenses involved in supporting a family. Although by definition living wage standards do vary by region, they are all considerably higher than the federal minimum wage.

Market rate: The average cost of labor for a specific set of skills, experience and education in a given labor market.

Minimum wage: Minimum wage laws, with some exceptions, apply to all workers in a given jurisdiction, whether in the public or private sector. The Fair Labor Standards Act (FLSA), establishes the federal minimum wage and regulations. The FLSA requires employers covered under that act pay employees at least the federal hourly minimum wage. Typically, states and cities also have minimum wage laws. In the case where they vary, typically the highest pay rate prevails for that jurisdiction. The Federal minimum wage is: \$7.25/hr. and the State of Colorado minimum wage is: \$8.31/hr.

Pay compression: Pay compression occurs when distinct job hierarchies are not reflected in a distinct differential of salaries between incumbents. Compression analysis measures the wage differential when people are paid by piece-work, seniority-pay or step-pay systems, for they tend to reflect a standard separation of pay levels. The city of Boulder uses a pay-for-performance approach and of open, flexible salary ranges that do not necessarily create separations in pay. Under a pay-for-performance system, pay decisions are primarily based on individual performance and labor market job value factors, not on distinct differentials between pay levels.

For there to be pay compression in a pay-for-performance system, one must assume that, at the time of measurement for compression, salary relationships are stagnant, correct and not influenced by other factors. However, in pay-for-performance systems, salary relationships are variable as individual increases are based on individual levels of performance, rather than predetermined pay relationships found in seniority or step-pay systems. Determining compression in pay-for-performance systems does not necessarily require distinct pay separations.

Self Sufficiency Standard: Is a geographic-specific yardstick for how much someone would need to earn in order to remain independent of public or private assistance. The Center for Women's Welfare (CWW) at the University of Washington has calculated this to be \$35.94 an hour for a family of four with two children in Boulder County in 2015, or \$17.97 an hour for each of two

full-time wage earners. (Note: \$35.94 per hour is \$74,755 a year, and \$17.97 is \$37,377 per year.)

Standard employees:

- Can be full-time or part-time.
- Full-time (40 hours per week) and eligible for annual performance based merit increases, city benefits, and paid leave.
- Part-time: (<40 hours per week) are eligible for annual performance based merit increases, city paid insurance if working more than 20 hours per week, paid leave and other benefits on a pro-rated basis if working between 10 and 39 hours per week.
- Fixed-term standard positions: Are for a defined period of employment for a predetermined period. Can be full or part-time and eligible for benefits as explained above. A one-year fixed year full-time project manager for a major software implementation would be an example of a fixed term position.

Temporary positions:

- Are for fluctuating staffing needs that are temporary in nature.
- Are not eligible for paid leaves.

Seasonal positions:

- Are designed to support seasonal operations that are project or class specific or for scheduling needs that vary in frequency and duration.
- Are not eligible for paid leave, medical, life insurance. They are eligible for medical insurance under the ACA if working more than 30 hrs. a week as defined by ACA.
- Fitness Instructors and Sports Officials are examples of seasonal workers.
- Are eligible for medical insurance under the ACA if working 30 or more hours a week.



Memorandum

Date: June 1, 2016

To: Maryann Weideman, Assistant City Manager
Joe Castro, Facilities and Fleet Manager

From: The Novak Consulting Group

Re: In-House Analysis – Janitorial and Right-of-Way Maintenance

Contracted janitorial and right-of-way (ROW) maintenance services are currently provided by contractors working with the City of Boulder. These contractors pay a variety of hourly wages to employees. In order to understand the impacts of a living wage on contractor fees compared to in-house services, the following analysis estimates the cost of bringing these services in-house at each proposed living wage rate: \$14.02/hr, \$15.67/hr, and \$17.97/hr.

Janitorial Services

Existing janitorial contracts were analyzed to determine approximate costs of bringing these services in-house. These services cover 51 facilities and an estimated 536,091 square feet, and include regular evening cleaning as well as Day Porter activity at Recreation Centers.

Services were analyzed according to two staffing models. The first model estimates staffing and supply needs on a full-time staffing basis, and assumes employees will be centralized for deployment to the City's facilities. The second model estimates staffing and supply needs if part-time positions are utilized, and assumes employees will be decentralized across departments.

Janitorial – Full-Time Model

The following tables present estimated staffing, vehicle, supply, and equipment costs related to insourcing contracted janitorial services. Total compensation estimates below are provided with the following assumptions:

- All staffing estimates are presented in full-time positions.
- Evening crew workers will receive an additional \$0.50/hr to their base pay per the BMEA contract.
- Existing pay ratios between classifications are preserved.
- Total health benefits costs are estimated at \$16,496 annually per position.
- Withholding and pension costs are estimated at approximately 22.6% of base salary.
- Estimated turnover is 6.8% (this is the existing turnover rate for custodial employees).
- A total of 29 full-time positions are required to accomplish and supervise janitorial work. Staffing was determined from department interviews on service needs, the size of facilities to be served, the historical hours billed by existing janitorial contractors, the scope of

existing contracts, and industry standards from the International Association (IFMA).

Total Compensation

If the base living wage is set to \$14.02/hr, the estimated total compensation cost for insourcing janitorial services is \$1,612,563, as shown in the following table:

Table 1: Janitorial Staffing and Total Compensation - \$14.02/hr Living Wage

Position	Hourly Rate	Hours	# of FT Staff	Total Compensation Costs
Custodial Foreman	\$23.19	2,080	1	\$75,622
Night Crew Leader	\$17.57	2,080	4	\$245,172
Custodian – Night	\$14.52	2,080	17	\$909,784
Custodian – Lead Day Porter	\$15.42	2,080	1	\$55,811
Custodian – Day Porter	\$14.02	2,080	5	\$261,209
Administrative Specialist II	\$19.01	2,080	1	\$64,964
TOTALS			29	\$1,612,563

If the base living wage is set to \$15.67/hr, the estimated total compensation cost for insourcing janitorial services is \$1,736,882 as shown in the following table:

Table 2: Janitorial Staffing and Total Compensation - \$15.67/hr Living Wage

Position	Hourly Rate	Hours	# of FT Staff	Total Compensation Costs
Custodial Foreman	\$25.83	2,080	1	\$82,353
Night Crew Leader	\$19.57	2,080	4	\$265,569
Custodian – Night	\$16.17	2,080	17	\$981,300
Custodian – Lead Day Porter	\$17.24	2,080	1	\$60,452
Custodian – Day Porter	\$15.67	2,080	5	\$282,244
Administrative Specialist II	\$19.01	2,080	1	\$64,964
TOTALS			29	\$1,736,882

If the base living wage is set to \$17.97/hr, the estimated total compensation cost for insourcing janitorial services is \$1,910,052 as shown in the following table:

Table 3: Janitorial Staffing and Total Compensation - \$17.97/hr Living Wage

Position	Hourly Rate	Hours	# of FT Staff	Total Compensation Costs
Custodial Foreman	\$29.50	2,080	1	\$91,710
Night Crew Leader	\$22.35	2,080	4	\$293,921
Custodian – Night	\$18.47	2,080	17	\$1,080,990
Custodian – Lead Day Porter	\$19.77	2,080	1	\$66,902
Custodian – Day Porter	\$17.97	2,080	5	\$311,564
Administrative Specialist II	\$19.01	2,080	1	\$64,964
TOTALS			29	\$1,910,052

Supplies

Total supply costs are estimated at \$157,341/year based on an annual cost of approximately \$0.293/sf to cover 536,091 square feet. This cost reflects reported actual monthly supply costs as stated in the 2016 Kleen Tech contract.

Equipment

Additional equipment costs are estimated at \$50,300 for initial procurement of employee lockers, office furniture for supervisory positions, scrubbers, vacuums, mops, brooms, and related equipment. Recurring annual costs include an estimated \$56,000 for uniform rental and cleaning, along with estimated equipment replacement costs of \$13,900. This represents a total ongoing equipment cost of approximately \$69,900 per year. Collectively, these costs represent \$120,200 in Year 1, as shown in the following table:

Table 4: Janitorial Equipment – Full-Time Staffing Model

Janitorial Equipment	Unit Cost	Annual Unit Replacement	Quantity	Total Capital	Total Annual	Year 1 Costs
Uniforms & Related Cleaning	Not Applicable	\$2,000	28	\$0	\$56,000	\$56,000
Employee Lockers	\$300	\$0	28	\$8,400	\$0	\$8,400
Office Furniture	\$1,000	\$0	2	\$2,000	\$0	\$2,000
Floor Scrubber	\$2,000	\$400	6	\$12,000	\$2,400	\$14,400
Floor Burnishers	\$1,500	\$300	4	\$6,000	\$1,200	\$7,200
Wide Area Vacuum	\$1,600	\$533	4	\$6,400	\$2,133	\$8,533
Floor Vacuum	\$400	\$200	12	\$4,800	\$2,400	\$7,200
Back Pack Vacuum	\$400	\$200	8	\$3,200	\$1,600	\$4,800
Steam Cleaning/Extraction	\$2,500	\$833	2	\$5,000	\$1,667	\$6,667
Mops/Brooms/Misc.	\$2,500	\$2,500	Various	\$2,500	\$2,500	\$5,000
Total Janitorial Equipment	\$10,900	\$6,967	36	\$50,300	\$69,900	\$120,200

Vehicles

Vehicle needs are estimated at a one-time cost of \$90,000 for three electric Nissan Leaf vehicles, plus \$15,000 for three charging stations, to carry cleaning equipment and supplies with annual O&M and replacement costs of \$17,055 (including electricity needed to power the vehicles). This represents a total estimated vehicle cost of \$122,055. In addition, because janitorial crews will be working at night, it is assumed that other City vehicles will be available for use if needed.

Table 5: Janitorial Vehicles – Full-Time Staffing Model

Janitorial Vehicle	Unit Cost	Annual Unit Replacement	Annual Fleet Charges	Annual Maint.	Qty.	Total Capital	Total Annual	Year 1 Costs
Nissan Leaf	\$30,000	\$3,750	\$480	\$830	3	\$90,000	\$15,180	\$105,180
Nissan Leaf (Charging Station)	\$5,000	\$625	\$0	\$0	3	\$15,000	\$1,875	\$16,875

Total Janitorial Vehicle	\$35,000	\$4,375	\$480	\$830	6	\$105,000	\$17,055	\$122,055
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Facilities

In order to accommodate an additional Administrative Specialist II and a supervisory Custodial Foreman position, it will be necessary to remodel existing office space. Approximately 200 square feet of space will be needed per employee, at a cost of \$100/sf for remodeling. This equals \$40,000 in estimated remodeling costs, as shown in the following table:

Table 6: Janitorial Facilities – Full-Time Staffing Model

Facilities Remodeling	Sq Ft Needed Per Admin Employee	# of Admin Employees	Total Sq Ft Needed	Remodel Rate per Square Foot	Est. Cost
Janitorial - Remodel Office Space	200	2	400	\$100	\$40,000

Facility storage needs are anticipated to be negligible given reported available janitorial storage space in various facilities. Estimated operating maintenance and utilities for this facility space is \$12/sf, or \$4,800.

Overhead Implications

In addition to estimated compensation, supply, equipment, vehicle, and facilities needs, the addition of staff will have ancillary impacts on Human Resources and Information Technology services. Given the number of additional full-time staff needed for janitorial services (29), it is estimated that 0.5 additional HR Generalists will be needed to accommodate recruitment efforts and benefits coordination. This estimate is based on industry standard staffing guidelines of one Human Resources Generalist for every 100 FTE, or 1:100. Costs associated with this position are estimated in the following table:

Table 7: Janitorial – Full-Time Staffing Model – Associated HR Impacts

Estimated Human Resources Impacts	0.5 FTE
Salary	\$37,500
Health Benefits	\$15,000
Pension Benefits	\$5,213
Other Benefits	\$3,254
Total HR Impacts	\$60,967

Employees will also require access to Information Technology resources in order to record time worked and access electronic City resources. An estimated cost of \$415.04 per FTE is sufficient to cover internal service charges from Information Technology for the following costs:

- Workstation Hardware
- Desktop Software and Antivirus
- File and Print Services
- Network Printers
- Network routers, hubs, switches, internet, wireless
- Databases, Enterprise Software Maintenance, Network Storage, Backup
- Data Centers

This cost is derived from assumptions built into the City’s existing IT cost allocation model and assumes a shared terminal approach to janitorial computers and IT-related equipment. This will result in total charges of approximately \$12,036, as shown in the following table:

Table 8: Janitorial – Full-Time Staffing Model – Associated IT Impacts

IT Impact	IT Fees	Full-Time Staff	Total IT Charges
Janitorial FTE	\$415.04	29.00	\$12,036.16

Summary of Costs – Full-Time Staffing Model

The above costs are summarized in the following table according to each proposed living wage:

Table 9: Janitorial – FTE Model – Total Cost Summary

JANITORIAL EXPENDITURES – FTE Model	\$14.02/hr Living Wage	\$15.67/hr Living Wage	\$17.97/hr Living Wage
Total Compensation	\$1,612,563	\$1,736,882	\$1,910,052
Supplies	\$157,341	\$157,341	\$157,341
Equipment	\$120,200	\$120,200	\$120,200
Vehicles	\$122,055	\$122,055	\$122,055
Facilities	\$44,800	\$44,800	\$44,800
HR Impacts	\$60,967	\$60,967	\$60,967
IT Impacts	\$12,036	\$12,036	\$12,036
Special Events	\$234,569	\$250,233	\$272,053
TOTAL JANITORIAL – FTE MODEL	\$2,364,531	\$2,504,514	\$2,699,504

It must be noted that the above cost estimate reflects an assumed 12.6% increase in operating costs due to coverage of special events. Currently, the City relies on existing contractors to cover cleanup for special events. These costs are billed to the City along with regular contracted costs. This 12.6% increase reflects the difference in contracted janitorial costs compared to actual spending on janitorial services.

Janitorial – Part-Time Model

The following tables present estimated staffing, vehicle, supply, and equipment costs related to insourcing contracted janitorial services using part-time staff. Assumptions used to compute total compensation for part-time staff are the same as the Full-Time Model, with the following exceptions:

- All staffing estimates are presented in part-time positions.
- Individual departments will control their own janitorial staff.
- Estimated turnover is 20.4% (this is three times the current turnover rate).
- A total of 65 part-time positions are required to accomplish and supervise janitorial work. Staffing was determined from department interviews on service needs, the size of facilities to be served, the historical hours billed by existing janitorial contractors, the scope of existing contracts, and industry standards from the International Facilities Management Association (IFMA).

Total Compensation

If the base living wage is set to \$14.02/hr, the estimated total compensation cost for insourcing janitorial services is \$2,409,545, as shown in the following table:

Table 10: Janitorial Staffing and Total Compensation - \$14.02/hr Living Wage

Position	Hourly Rate	Hours	# of PT Positions	Total Compensation Costs
Custodial Foreman	\$23.19	1,560	4	\$243,362
Night Crew Leader	\$17.57	1,040	9	\$350,052
Custodian – Night	\$14.52	1,040	37	\$1,295,241
Custodian – Lead Day Porter	\$15.42	1,040	3	\$108,462
Custodian – Day Porter	\$14.02	1,040	12	\$412,429
TOTALS			65	\$2,409,545

If the base living wage is set to \$15.67/hr, the estimated total compensation cost for insourcing janitorial services is \$2,562,713 as shown in the following table:

Table 11: Janitorial Staffing and Total Compensation - \$15.67/hr Living Wage

Position	Hourly Rate	Hours	# of PT Positions	Total Compensation Costs
Custodial Foreman	\$25.83	1,560	4	\$263,555
Night Crew Leader	\$19.57	1,040	9	\$372,999
Custodian – Night	\$16.17	1,040	37	\$1,373,068
Custodian – Lead Day Porter	\$17.24	1,040	3	\$115,422
Custodian – Day Porter	\$15.67	1,040	12	\$437,670
TOTALS			65	\$2,562,713

If the base living wage is set to \$17.97/hr, the estimated total compensation cost for insourcing janitorial services is \$2,776,027 as shown in the following table:

Table 12: Janitorial Staffing and Total Compensation - \$17.97/hr Living Wage

Position	Hourly Rate	Hours	# of PT Positions	Total Compensation Costs
Custodial Foreman	\$29.50	1,560	4	\$291,626
Night Crew Leader	\$22.35	1,040	9	\$404,894
Custodian – Night	\$18.47	1,040	37	\$1,481,554
Custodian – Lead Day Porter	\$19.77	1,040	3	\$125,098
Custodian – Day Porter	\$17.97	1,040	12	\$472,855
TOTALS			65	\$2,776,027

Supplies

Because the square footage and frequency of cleaning are the same as the in Full-Time Model described above, the estimated cost of \$157,341/year remains consistent.

Equipment

Additional equipment costs are estimated at \$103,300 for initial procurement of equipment. Recurring annual costs include an estimated \$130,000 for uniform rental and cleaning, along with

estimated equipment replacement costs of \$27,800. This represents a total ongoing equipment cost of approximately \$157,800 per year. Collectively, these costs represent \$261,100 in Year 1.

Table 13: Janitorial Equipment – Part-Time Model

Janitorial Equipment	Unit Cost	Annual Unit Replacement	Quantity	Total Capital	Total Annual	Year 1 Costs
Uniforms & Related Cleaning	Not Applicable	\$2,000	65	\$0	\$130,000	\$130,000
Employee Lockers	\$300	\$0	65	\$19,500	\$0	\$19,500
Office Furniture	\$1,000	\$0	4	\$4,000	\$0	\$4,000
Floor Scrubber	\$2,000	\$400	12	\$24,000	\$4,800	\$28,800
Floor Burnishers	\$1,500	\$300	8	\$12,000	\$2,400	\$14,400
Wide Area Vacuum	\$1,600	\$533	8	\$12,800	\$4,267	\$17,067
Floor Vacuum	\$400	\$200	24	\$9,600	\$4,800	\$14,400
Back Pack Vacuum	\$400	\$200	16	\$6,400	\$3,200	\$9,600
Steam Cleaning/Extraction	\$2,500	\$833	4	\$10,000	\$3,333	\$13,333
Mops/Brooms/Misc.	\$2,500	\$2,500	Various	\$5,000	\$5,000	\$10,000
Total Janitorial Equipment	\$10,900	\$4,967	72	\$103,300	\$157,800	\$261,100

Vehicles

If a part-time janitorial model is used, it is assumed that departments will authorize existing light duty vehicles for use by custodial staff. This will eliminate the need to purchase additional vehicles for cleaning crews.

Facilities

Renovations necessary to accommodate four additional supervisory Custodial Foreman positions are estimated at \$80,000 in remodeling costs, as shown in the following table:

Table 14: Janitorial Facilities – Part-Time Model

Facilities Remodeling	Sq Ft Needed Per Admin Employee	# of Admin Employees	Total Sq Ft Needed	Remodel Rate per Square Foot	Est. Cost
Janitorial - Remodel Office Space	200	4	800	\$100	\$80,000

Estimated operating maintenance and utilities for this facility space is \$12/sf, or \$9,600.

Overhead Implications

Given the number of additional part-time positions required for janitorial services (65), it is estimated that one additional HR Generalist will be needed to accommodate recruitment efforts and benefits coordination. Costs associated with this position are estimated in the following table:

Table 15: Janitorial – Part-Time Model – Associated HR Impacts

Human Resources Impacts	1.0 FTE
Salary	\$75,000
Health Benefits	\$15,000
Pension Benefits	\$10,425
Other Benefits	\$6,508
Total HR Impacts	\$106,933

Because cost estimates for IT services are provided on an FTE basis, the expected impact is the same for part-time positions as described in Table 8 above. An estimated cost of \$415.04 per FTE is sufficient to cover internal services charges from Information Technology resulting in total charges of approximately \$12,036.

Summary of Costs – Part-Time Model

The above costs are summarized in the following table according to each proposed living wage:

Table 16: Janitorial – Part-Time Model – Total Cost Summary

JANITORIAL EXPENDITURES – Part-Time Model	\$14.02/hr Living Wage	\$15.67/hr Living Wage	\$17.97/hr Living Wage
Total Compensation	\$2,409,545	\$2,562,713	\$2,776,027
Supplies	\$157,341	\$157,341	\$157,341
Equipment	\$261,100	\$261,100	\$261,100
Vehicles	\$0	\$0	\$0
Facilities	\$89,600	\$89,600	\$89,600
HR Impacts	\$106,933	\$106,933	\$106,933
IT Impacts	\$12,036	\$12,036	\$12,036
Special Events	\$344,520	\$363,819	\$390,697
TOTAL JANITORIAL – PT MODEL	\$3,381,076	\$3,553,543	\$3,793,734

As with the Full-Time Staffing Model described in Table 9, the above table assumes estimated special event costs of 12.6%.

ROW Mowing Services

In-house ROW Mowing services were analyzed regarding right-of-way (ROW) mowing activity. These services involve an estimated 53 areas totaling approximately 85 acres.

The following tables present estimated staffing, vehicle, supply, and equipment costs related to insourcing contracted ROW Mowing services. Total compensation estimates below are provided with the following assumptions:

- All staffing estimates are presented in full-time positions.
- Existing pay ratios between classifications are preserved.
- Total health benefits costs are estimated at \$16,496 annually per position.
- Withholding and pension costs are estimated at approximately 22.6% of base salary.
- Estimated turnover is 11.8% (this is the existing turnover rate for ROW Mowing employees).

- A total of 6 full-time positions are required to accomplish and supervise ROW maintenance work. Staffing was determined from department interviews on service needs, the size of areas to be mowed, the frequency of mowing needed, the seasonality of mowing services, existing contracts, and industry standards.

Total Compensation

If the base living wage is set to \$14.02/hr, the estimated total compensation cost for insourcing ROW Mowing services is \$319,162, as shown in the following table:

Table 17: ROW Mowing Staffing and Total Compensation - \$14.02/hr Living Wage

Position	Hourly Rate	Hours	# of FT Staff	Total Compensation Costs
Maintenance Person II	\$16.26	2,080	1	\$57,953
Maintenance Person I	\$14.02	2,080	5	\$261,209
TOTALS			6	\$319,162

If the base living wage is set to \$15.67/hr, the estimated total compensation cost for insourcing ROW Mowing services is \$345,092, as shown in the following table:

Table 18: ROW Mowing Staffing and Total Compensation - \$15.67/hr Living Wage

Position	Hourly Rate	Hours	# of FT Staff	Total Compensation Costs
Maintenance Person II	\$18.18	2,080	1	\$62,848
Maintenance Person I	\$15.67	2,080	5	\$282,244
TOTALS			6	\$345,092

If the base living wage is set to \$17.97/hr, the estimated total compensation cost for insourcing ROW Mowing services is \$381,220, as shown in the following table:

Table 19: ROW Mowing Staffing and Total Compensation - \$17.97/hr Living Wage

Position	Hourly Rate	Hours	# of FT Staff	Total Compensation Costs
Maintenance Person II	\$20.85	2,080	1	\$69,656
Maintenance Person I	\$17.97	2,080	3	\$311,564
TOTALS			4	\$381,220

Equipment

Additional equipment needs include stand-up and walking mowers, trailers, trimmers, and blower equipment, estimated at \$88,000 with annual replacement, maintenance, and fuel costs of \$36,433, for a total equipment cost of \$124,433.

Table 20: ROW Mowing Equipment

ROW Mowing Equipment	Unit Cost	Annual Maint.	Est. Fuel	Annual Replacement	Qty.	Total Capital	Total Annual	Year 1 Costs
Stand up Mower	\$18,000	\$1,000	\$2,333	\$2,700	4	\$72,000	\$24,133	\$96,133
Walk Behind Mower	\$4,500	\$500	\$2,500	\$1,500	2	\$9,000	\$9,000	\$18,000

Trailer	\$2,000	\$100	\$0	\$250	2	\$4,000	\$700	\$4,700
Trimmer	\$600	\$100	\$0	\$400	2	\$1,200	\$1,000	\$2,200
Back Pack Blower	\$900	\$200	\$0	\$600	2	\$1,800	\$1,600	\$3,400
Total ROW Equipment	\$26,000	\$1,900	\$4,833	\$5,450	12	\$88,000	\$36,433	\$124,433

Vehicles

Vehicle needs are estimated at a one-time cost of \$85,000 for two Chevy Colorado vehicles to carry mowers and equipment with annual O&M and replacement costs of \$16,977. This represents a total vehicle cost of \$101,977.

Table 21: ROW Mowing Vehicles

ROW Mowing Vehicles	Unit Cost	Fleet Charges	Annual Maint.	Est. Fuel	Annual Replacement	Qty.	Total Capital	Total Annual	Year 1 Costs
Chevy Colorado Diesel 4WD	\$42,500	\$480	\$196	\$2,500	\$5,313	2	\$85,000	\$16,977	\$101,977
Total ROW Vehicle	\$42,500	\$480	\$196	\$2,500	\$5,313	2	\$85,000	\$16,977	\$101,977

Facilities

In order to appropriately store vehicles and equipment, an estimated 6,000 square feet of sheltered space is needed. According to Facilities and Management staff, the Roadway Building is approximately this square footage and could be remodeled to accommodate ROW mowing storage needs. It is estimated that rehabilitation costs for this facility would amount to \$50/sf, or \$300,000. Additionally, estimated operating maintenance and utilities for this facility space is \$12/sf, or \$72,000.

External Impacts

Given the relatively small number of FTEs needed to accomplish ROW mowing services, impacts on Human Resources are expected to be minimal. For Information Technology, applying the estimated cost of \$415.04 per FTE discussed above results in estimated costs of \$2,490 per year.

Summary of Costs – ROW Mowing

The above costs are summarized in the following table according to each proposed living wage:

Table 22: Total ROW Mowing

ROW MOWING EXPENDITURES	\$14.02/hr Living Wage	\$15.67/hr Living Wage	\$17.97/hr Living Wage
Total Compensation	\$319,162	\$345,092	\$381,220
Supplies	\$0	\$0	\$0
Equipment	\$124,433	\$124,433	\$124,433
Vehicles	\$101,977	\$101,977	\$101,977
Facilities	\$372,000	\$372,000	\$372,000
IT Impacts	\$2,490	\$2,490	\$2,490
TOTAL ROW MOWING	\$920,063	\$945,993	\$982,121

Summary

The following table summarizes total estimated costs at each proposed living wage level, as described in the above sections.

Table 23: Estimated Cost Comparison

Total Janitorial Expenditures	\$14.02/hr Living Wage	\$15.67/hr Living Wage	\$17.97/hr Living Wage
City Full-Time Staffing Model	\$2,364,531	\$2,504,514	\$2,699,504
Estimated Contractor Spending	\$1,398,360	\$1,509,012	\$1,663,302
Net Cost Increase/(Decrease)	\$966,171	\$995,502	\$1,036,202
City Part-Time Staffing Model	\$3,381,076	\$3,553,543	\$3,793,734
Estimated Contractor Spending	\$1,398,360	\$1,509,012	\$1,663,302
Net Cost Increase/(Decrease)	\$1,982,716	\$2,044,531	\$2,130,432
Total ROW Mowing Expenditures	\$14.02/hr Living Wage	\$15.67/hr Living Wage	\$17.97/hr Living Wage
City Full-Time Staffing Model	\$920,063	\$945,993	\$982,121
Estimated Contractor Spending	\$161,750	\$175,230	\$195,448
Net Cost Increase/(Decrease)	\$758,313	\$770,763	\$786,672
Grand Total (Janitorial & ROW) Full-Time Model	\$14.02/hr Living Wage	\$15.67/hr Living Wage	\$17.97/hr Living Wage
City Full-Time Staffing Model	\$3,284,594	\$3,450,507	\$3,681,624
Estimated Contractor Spending	\$1,560,111	\$1,684,242	\$1,858,750
Net Cost Increase/(Decrease)	\$1,724,483	\$1,766,265	\$1,822,874
Grand Total (Janitorial & ROW) Part-Time Model	\$14.02/hr Living Wage	\$15.67/hr Living Wage	\$17.97/hr Living Wage
City Part-Time Staffing Model	\$4,301,139	\$4,499,536	\$4,775,855
Estimated Contractor Spending	\$1,560,111	\$1,684,242	\$1,858,750
Net Cost Increase/(Decrease)	\$2,741,029	\$2,815,294	\$2,917,104



Memorandum

Date: May 18, 2016

To: Mary Ann Weideman, Assistant City Manager

From: The Novak Consulting Group

Re: Boulder In-House Analysis – Peer Community Survey Summary

The peer community survey was distributed April 29, 2016. At the time of this writing, four communities have responded, including Denver, CO; Ann Arbor, MI; Madison, WI; and Santa Cruz, CA.

Living Wage Policy

Date Enacted and Current Wages

All four communities have a local living wage policy/ordinance. Policies in these communities were enacted between March 1999 and September 2001. The current hourly wage required by these communities varies from \$11.68/hr. to \$16.38/hr. depending on whether benefits are provided to employees, as shown in the following table.

Table 1: Date Policy Enacted, Current Hourly Wage

Community	When was the living wage policy enacted?	What is the current hourly wage required by the living wage policy?
Ann Arbor, MI	Sept. 2001	\$12.93 w/insurance; \$14.43 w/o insurance
Santa Cruz, CA	10/24/2000	\$15.39 (w/benefits) \$16.38 (w/o benefits)
Denver, CO	10-15 years ago	\$11.68
Madison, WI	03/30/1999	\$12.83

Applicability of Living Wage Policies

Among the responding communities, most living wage policies do not apply to City staff, but do apply to employees outside the organization. All responding communities target contractors, but living wage ordinances in responding communities do not uniformly target subcontractors and nonprofits.

Table 2: Personnel to Whom the Living Wage Applies

Community	City Employees			Outside Employees		
	FT	PT	Seasonal	Contractors	Subcontractors	Nonprofits
Ann Arbor, MI	No	No	No	Yes	Yes	Yes

Community	City Employees			Outside Employees		
	FT	PT	Seasonal	Contractors	Subcontractors	Nonprofits
Santa Cruz, CA	No	No	No	Yes	No	No
Denver, CO	No	No	No	Yes	Yes	Yes
Madison, WI	Yes	Yes	Yes	Yes	Yes	No

Denver reported that it also utilizes a prevailing wage ordinance.

The City of Santa Cruz supplied the following comment: “City temp employees were allowed to join a union instead of be paid living wage rates when the living wage ordinance was adopted. Some (most?) temp employees make less than living wage rates. One exemption for our living wage ordinance is a union shop, meaning, if company employees belong to a union, the company does not have to pay our living wage rates, they can pay less. We were never able to require nonprofits that we give money to pay living wage, they would need more money from us to do it and we couldn't pay them more.”

Exempted Positions

Most exemptions provided are for youth/student and nonprofit enterprises, as shown below.

Table 3: Exemptions

Community	Exemptions From Living Wage Ordinance
Ann Arbor, MI	<ul style="list-style-type: none"> • Sweat equity for home rehab/construction • Nonprofits who would suffer harm as a result of paying the living wage (however, the nonprofit must submit a plan for compliance within 3 years) • Bona-fide training programs • Nonprofit summer, youth employment, work/study, and internship programs
Santa Cruz, CA	“The living wage rates apply to employees of companies that provide services to the City. We focus on what are typically low wage industries for living wage compliance.”
Denver, CO	None
Madison, WI	<ul style="list-style-type: none"> • Student learners • On-call employees • Employees under 18 • Employees of sheltered workshops • City special workers

Implementation and Compliance

Most communities inform contractors that the living wage policy applies to them in writing or through the bidding process. Compliance is generally achieved through compliance forms and certified payrolls.

Table 4: Implementation and Compliance

Community	Please describe how the City implemented the requirements of the living wage policy, particularly regarding contractors and subcontractors who do business with the City.	Please describe how the City ensures compliance with the living wage policy, particularly regarding external contractors and subcontractors.
Ann Arbor, MI	Notice sent by mail with requirements, forms, instructions, and deadlines. Those not complying were addressed individually. Purchasing staff monitors compliance.	Forms included with ITBs, RFPs, etc. Completed and approved compliance required for contract/PO approval.
Santa Cruz, CA	At this point in time, 15 years after adopting our ordinance, when a vendor is subject to living wage, we send them a compliance form and don't do business with them until they return the form.	We require affected vendors to submit annual compliance forms.
Denver, CO	We let the contractors know about the ord at bid time.	We have a staff of 4-5 investigators that review certified payrolls, go out to job sites to interview workers and review and approve pay requests.
Madison, WI	By ordinance.	(No Response)

Challenges to Independent Contractor Status

No communities reported being challenged by oversight agencies (Department of Labor, etc.) regarding the independent contractor status of relationships with contractors.

Effect of Living Wage on Number/Types of Bids Received

Only Ann Arbor and Denver provided an answer to this question. Neither community indicated that the living wage policy had significantly impacted the number/types of bids received. Specific answers included:

- **Ann Arbor:** We cannot measure what we don't get, but my opinion is that any reductions in bids are immaterial.
- **Denver:** Don't know. I know of some contractors who refuse to bid Denver work and I know some contractors who have figured out our rules and specialize in bidding Denver work.

Other communities did not respond to this question.

Budgetary Impacts of Living Wage Policy

- **Ann Arbor:** None.
- **Santa Cruz:** Increases are minimal and are absorbed in department budgets.
- **Denver:** It is part of the bid price.

Revenue Adjustments and/or Phase-in Process

No communities reported adjusting revenue or utilizing a phase-in process to implement their living wage policy.

Wage Compression

No communities reported wage compression issues as a result of the living wage. Santa Cruz reported that its living wage ordinance does not apply to City employees. Denver reported that it audits certified payrolls and if they find shortages they make contractors pay up.

Relationship Impacts with Surrounding Communities/Vendors

Peer communities generally report that living wage ordinances have minimal outside impact:

- **Ann Arbor:** No
- **Santa Cruz:** The County of Santa Cruz has a living wage ordinance and their ordinance requires their wage rates match ours. The next largest city in the county also has a living wage ordinance, however their wage rates are now lower than ours.
- **Denver:** I don't believe our ordinance has impacted surrounding communities. Some vendors believe our reporting requirements are hard to comply with and they choose not to do business with us.

Have any employees of contractors who do business with your organization claimed they were actually employees of your organization, entitled to worker's comp, unemployment benefits or similar benefits? If so, what was the outcome?

No communities reported experiences with this.

Strengthening Independent Contractor Status of Contracted Service Providers

Ann Arbor and Denver both reported strengthening contract language and clearly outlining relationships in contracts. Other communities did not respond.

Contracted Services

Insourcing Services

No communities reported insourcing contracted janitorial or landscaping services.

Ann Arbor recently insourced temporary employee recruitment services. The project took place over the winter, when temp hiring is slow. It was phased in completely in the spring and implementation was the responsibility of the HR Director. The project was funded with savings from eliminating contracts. This insourcing effort achieved the City's goals and was successful.

No other communities reported insourcing any other contracted services.

Concluding Questions

Is there anything you believe your organization would do differently related to implementing living wages or insourcing contractual services?

- **Ann Arbor:** We are in the process of rewriting our living wage ordinance to: 1) move to a single tier as ACA renders a 2-tier program unnecessary, 2) clarify exemptions, and 3) increase the applicability threshold from \$10k to \$25k.
- **Santa Cruz:** No.

- **Denver:** There have been discussions about expanding the living wage ord to reflect the \$15/hr. discussion. So far the proposal has not gained any traction.

Please describe any unintended consequences experienced by your organization related to implementing a living wage policy or insourcing contractual services.

- **Ann Arbor:** At first, there was great concern that non-profits would be severely and negatively affected. This turned out not to be the case.
- **Santa Cruz:** None, we knew what to expect and that's what happened. More work, higher costs. Hopefully people are actually paid living wage rates. It gets complicated and uncertain when the vendor pays their employees less than our rates most of the time and only pays them our rates when the employees are working on our jobs.
 - **Regarding landscaping services:** We recently had to start complying with State of California Prevailing Wage requirements. Landscaping services are considered public works so landscape employees must be paid prevailing wage rates which are much higher than living wage rates. Our landscape companies are no longer subject to our living wage requirements now that they are subject to prevailing wage requirements.
 - **Regarding janitorial services:** Because our ordinance has an exemption for union shops, the janitorial company before our current one paid their employees much less than our living wage rates because they were unionized. I also think the benefits were much less.
- **Denver:** Due to the fact that we have to approve pay requests for day care workers, it takes an extra day to process the requests.

**Front Range governments that are typically considered
in the local market for commodity job salary benchmarking**

City	Population
Arvada	107,000
Aurora	330,000
Boulder County	310,000
City and County of Broomfield	60,000
City and County of Denver	650,000
Colorado Springs	430,000
Greeley	96,000
Fort Collins	152,000
Lakewood	147,000
Longmont	90,000
Loveland	71,000
Thornton	129,000
Westminster	110,000

Salary differentials between living wage impacted seasonal employees and their supervisors

	# Supv.	Lowest Supv. Rate		Avg. Supv. Rate		Highest Supv. Rate	
		Hrly Rate	% Above	Hrly Rate	% Above	Hrly Rate	% Above
Seasonal Employee Compression at \$14.02							
Human Services	1	\$33.31	67%	\$33.31	67%	\$33.31	67%
OS/MP	3	\$28.49	103.2%	\$34.45	142.6%	\$37.03	164.1%
OS/MP - Junior Rangers	1	\$28.33	102.1%	\$28.33	102.1%	\$28.33	102.1%
Parks & Recreation	24	\$23.56	68.0%	\$32.72	133.3%	\$45.23	222.6%
Parks & Recreation - Youth	15	\$23.44	67.2%	\$31.45	124.3%	\$40.52	189.0%
Seasonal Employee Compression at \$15.67							
Human Services	1	\$33.31	67%	\$33.31	67%	\$33.31	67%
OS/MP	8	\$28.49	81.8%	\$34.93	122.9%	\$52.01	232.0%
OS/MP - Junior Rangers	1	\$28.33	80.8%	\$28.33	80.8%	\$28.33	80.8%
Parks & Recreation	26	\$23.56	50.4%	\$32.72	108.8%	\$45.23	188.6%
Parks & Recreation - Youth	15	\$23.44	67.2%	\$31.45	124.3%	\$40.52	189.0%
Seasonal Employee Compression at \$17.97							
Human Services	1	\$33.31	67%	\$33.31	67%	\$33.31	67%
OS/MP	13	\$26.70	48.6%	\$38.03	111.6%	\$53.81	199.4%
OS/MP - Junior Rangers	1	\$28.33	57.7%	\$28.33	57.7%	\$28.33	57.7%
Parks & Recreation	26	\$23.56	31.1%	\$32.72	82.1%	\$45.23	151.7%
Parks & Recreation - Youth	15	\$23.44	30.4%	\$31.45	75.0%	\$40.52	125.5%

ATTACHMENT F: Salary differentials between living wage impacted seasonal employees and their supervisors

A compression analysis between standard and temporary employees and their respective supervisors indicates that differentials range from 23% to 170% between standard employees and their supervisors. While among temporary employees, the differential range is from 79% to 283%. The following table illustrates differentials between living wage standard and temporary employees and their supervisors.

Differentials between living wage standard and temporary employees and their supervisors

	# Supv.	Lowest Supv. Rate		Avg. Supv. Rate		Highest Supv. Rate	
		Hrly Rate	% Above	Hrly Rate	% Above	Hrly Rate	% Above
Standard & Temporary Employee Compression at \$15.67							
Standard Employee	14	\$27.50	75.5%	\$33.05	110.9%	\$42.36	170.3%
Temporary Employee	34	\$28.49	103.2%	\$34.45	142.6%	\$37.03	164.1%
Standard & Temporary Employee Compression at \$17.97							
Standard Employee	26	\$22.20	23.5%	\$33.71	87.6%	\$47.85	166.3%
Temporary Employee	50	\$28.00	78.7%	\$42.92	173.9%	\$60.00	282.9%

ATTACHMENT G: Living Wage Financial Summary – Contracted Services

Living Wage Financial Summary - Contracted Services										
Service	Annual \$\$	Cost @ \$14.02	Increase	% Inc.	Cost @ \$15.67	Increase	% Inc.	Cost @ \$17.97	Increase	% Inc
Janitorial	\$1,187,928	\$1,398,360	\$210,432	17.7%	\$1,509,012	\$321,084	27.0%	\$1,663,302	\$475,374	40.0%
Landscape	\$672,717	\$716,388	\$43,671	6.5%	\$744,388	\$71,671	10.7%	\$788,011	\$115,294	17.1%
Totals	\$1,860,645	\$2,114,748	\$254,103	13.7%	\$2,253,400	\$392,755	21.1%	\$2,451,313	\$590,668	31.7%
Service	Annual \$\$	Cost @ \$14.02	Increase	% Inc.	Cost @ \$15.67	Increase	% Inc.	Cost @ \$17.97	Increase	% Inc
Security	\$95,906	\$95,906	\$0	0.0%	\$96,865	\$959	1.0%	\$104,538	\$8,632	9.0%
Pest Control	\$17,001	\$17,341	\$340	2.0%	\$18,531	\$1,530	9.0%	\$19,721	\$2,720	16.0%
Painting	\$192,619	\$192,619	\$0	0.0%	\$192,619	\$0	0.0%	\$192,619	\$0	0.0%
Roofing	\$40,104	\$40,104	\$0	0.0%	\$40,104	\$0	0.0%	\$40,104	\$0	0.0%
Fencing	\$278,943	\$278,943	\$0	0.0%	\$278,943	\$0	0.0%	\$294,778	\$15,835	5.7%
Carpet/Flooring	\$221,493	\$221,493	\$0	0.0%	\$221,493	\$0	0.0%	\$221,493	\$0	0.0%
Floor Mats	\$25,021	\$25,021	\$0	0.0%	\$25,021	\$0	0.0%	\$25,021	\$0	0.0%
Carpet Cleaning	\$50,000	\$50,000	\$0	0.0%	\$50,000	\$0	0.0%	\$50,000	\$0	0.0%
Carpet Cleaning	\$50,000	\$65,625	\$15,625	31.25%	\$72,188	\$22,188	44.38%	\$75,469	\$25,469	50.94%
Pressure Wash	\$65,625	\$11,141	\$54,484	82.88%	\$11,141	\$54,484	82.88%	\$11,141	\$54,484	82.88%
Tile/Grout	\$11,141	\$7,960	\$3,181	28.55%	\$7,960	\$3,181	28.55%	\$7,960	\$3,181	28.55%
Window Washing	\$7,960	\$1,006,153	\$1,006,153	12,640.06%	\$1,014,865	\$9,052	0.9%	\$1,042,844	\$37,031	3.7%
Totals	\$1,005,813									
Total	Annual \$\$	Cost @ \$14.02	Increase	% Inc.	Cost @ \$15.67	Increase	% Inc.	Cost @ \$17.97	Increase	% Inc
All Services	\$2,866,458	\$3,120,901	\$254,443	8.9%	\$3,268,265	\$401,807	14.0%	\$3,494,157	\$627,699	21.9%

Additional Feedback from Janitorial and Landscape Vendors

- Janitorial and landscape vendors overwhelmingly use their own employees in the completion of services and the use of independent subcontractors is rare. One (1) janitorial supplier with modest spend (est. \$23k annually) uses a business model based on independent subcontractors.
- Monetary impact from implementation of a living wage is immediate and significant at the \$14.02 level and beyond to the higher proposed rates of \$15.67 and \$17.97.
- Input from the interview process indicates 30 – 35 employees of janitorial and landscape firms would receive immediate pay increases if a living-wage provision would be implemented. The number of affected employees could vary due to high turnover in these service areas.
- Of all contractors contacted, custodial workers have a relatively high percentage (estimated at 60%) of employees living within the city limits of Boulder. While not specifically stated by contractors, this is likely due to the availability and cost of transportation to the worksite.
- Input from landscape vendors indicates that fewer than 10 affected landscape employees reside within the Boulder city limit.
- Targeted labor content for janitorial contracts is typically 50% of the contract value.
- Targeted labor content for landscape contract is typically 30% - 40% of the contract value.
- The benefit package offered by employers across all service areas has significant variability. Some employees are offered benefits, other employees work for wages only and the only benefits are mandated benefits (ie. workers' compensation). Most benefit plans offered require employees to pay a portion of the benefit cost. Custodial and janitorial employers report that employees often choose to not participate in benefit programs.
- The use of part time employees is very common with custodial services, but rare with other service groups. As expected, landscape services have a significant seasonal workforce.
- Vendor use of subcontractors is rare, and only in situations where a service is outside their stated area of expertise.
- Janitorial and landscape vendors generally report they should be able to comply with a relatively simple compliance program that is centered on a certified payroll approach.

Additional Feedback from Vendors of Other Services

- Like janitorial and landscape services, vendors of other facility maintenance vendors use their own employees to service their contracts and use of independent contractors is rare.
- The benefit package offered by employers in these categories is similar in structure and scope to janitorial and landscape employees. However, more employees in these categories elect to participate in benefit plans.
- Use of part-time employees in service categories beyond janitorial and landscape service is rare. Input from the vendor community indicates they want to provide full-time employment and a wage that will help them retain their skilled employees.

- The monetary effect of living wage in service categories other than janitorial and landscape is modest at the \$14.02 and \$15.67 level, with notable impact at the \$17.97 level.
- Like custodial and landscape firms, vendors in these additional service areas are able and willing to comply with a proposed living wage provision in City of Boulder contracts. Vendor input was strong and consistent in stating the compliance element of the program needs to be relatively simple. All warned against implementing a system that is as complex and costly as the City & County of Denver program. Most indicated their existing payroll systems can support an approach that centers on a “certified payroll”.
- Input from some vendors indicated the following complications and ramifications to consider:
 - Some employers may have to manage their employee resources in a different manner since employees will want to work on assignments and receive the higher pay rates associated with City contracts.
 - Some employers theorized that this move would raise the general rate of services in the area, whether it was contracted by the city or not.

Living Wage Expansion - Estimated Cost Impact By Fund									
Fund	\$14.02			\$15.67			\$17.97		
	Contracts	Comp	Total	Contracts	Comp	Total	Contracts	Comp	Total
.25 Cent Sales Tax	25,429	8,602	34,031	40,156	18,001	58,157	62,732	35,598	\$98,330.00
2011 Capital Improvement Bond	7,437	-	7,437	11,744	-	11,744	18,347	205	\$18,552.00
Affordable Housing	-	-	-	-	78	78	-	222	\$222.00
Boulder Junction Improvement	1,092	-	1,092	1,724	-	1,724	2,694	-	\$2,694.00
Climate Action Plan Tax	-	-	-	-	1,039	1,039	-	2,984	\$2,984.00
Comm Development Block Grant	-	-	-	-	531	531	-	6,080	\$6,080.00
Community Housing Asst Prgm	-	-	-	-	78	78	-	222	\$222.00
Compensated Absences	-	-	-	-	-	-	-	6	\$6.00
Downtown Commercial District	6,503	-	6,503	10,269	22,636	32,905	16,043	96,975	\$113,018.00
General	37,073	52,357	89,430	58,544	153,577	212,121	91,458	388,084	\$479,542.00
Lottery	-	1,310	1,310	-	7,785	7,785	-	17,014	\$17,014.00
Open Space	26,360	102,510	128,870	41,627	223,809	265,436	65,029	488,800	\$553,829.00
Permanent Parks & Recreation	1,730	370	2,100	2,733	1,161	3,894	4,269	5,862	\$10,131.00
Planning and Development Svc	-	-	-	-	6,627	6,627	-	20,182	\$20,182.00
Recreation Activity	55,367	835,319	890,686	87,433	1,195,763	1,283,196	136,587	1,720,096	\$1,856,683.00
Stormwater & Flood Mgt Utility	4,310	-	4,310	6,807	6,724	13,531	10,633	28,750	\$39,383.00
Transportation	68,884	-	68,884	108,779	20,712	129,491	169,934	91,568	\$261,502.00
Transportation Development	396	-	396	625	-	625	976	-	\$976.00
University Hill Comm Dist	3,637	-	3,637	5,743	124	5,867	8,972	3,128	\$12,100.00
Wastewater Utility	9,086	-	9,086	14,348	5,175	19,523	22,415	22,781	\$45,196.00
Water Utility	7,139	-	7,139	11,274	5,007	16,281	17,612	22,519	\$40,131.00
Workers Compensation Ins	-	857	857	-	1,162	1,162	-	1,613	\$1,613.00