



COUNTY of VENTURA

COUNTY EXECUTIVE OFFICE
MICHAEL POWERS
County Executive Officer

Mike Pettit
Assistant County Executive Officer

Kaye Mand
County Chief Financial Officer

Shawn Atin
Assistant County Executive Officer/
Human Resources Director
Labor Relations

November 9, 2021

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Receive and File a Notification of an Automatic Adjustment to the Living Wage Rate in Accordance with the County's Living Wage Ordinance.

RECOMMENDATION

Receive and file a notification of an automatic fifty-cent per hour adjustment to the Living Wage Rate based on December 2020 Consumer Price Index-W in accordance with the County's Living Wage Ordinance.

FISCAL/MANDATES IMPACT

Mandatory:	Yes, Living Wage Ordinance ("LWO"), Ventura County Ordinance Code, Division 4, Chapter 9.5, Section 4954, subsection (b).
Source of Funding:	Ventura County funds, including the General Fund
Impact on Other Departments:	Minimal

BACKGROUND

Your Board adopted the LWO in 2001. The LWO requires that employees of County contractors providing services to the County be paid a prescribed living wage, with certain exceptions, and that the living wage increase over time in relation to the Consumer Price Index – W (Urban Wage Earners and Clerical Workers) ("CPI-W"). The LWO was amended on June 24, 2014, at which time the living wage rate was established at no less than \$10.50 per hour with health benefits, or no less than \$12.50 per hour without health

benefits. The LWO applies to certain “service contracts”, as defined in the ordinance, involving expenditures in excess of \$25,000 or more in a twelve-month period. The LWO requires an automatic review of the living wage rate for ensuing fiscal years using the increase in the CPI-W for the preceding calendar year or years beginning January 2015, with 2014 as the base year. An adjustment to the living wage rate is required whenever the cumulative yearly increase in the CPI-W indicates an adjustment of fifty cents or more, rounded down, as applied to the base wage rate of \$10.50.

The table in Exhibit 1 shows the cumulative impact of increases in the CPI-W since the 2014 base year. The calculation for the calendar year ending December 2020 indicates a new living wage rate of \$11.50 per hour and consequently the need for a fifty-cent increase to the current base wage rate of \$11.00 per hour.

There is no direct linkage between the LWO wage rate and the California minimum wage. The current California minimum wage rates are \$14.00 per hour for employers with 26 or more employees and \$13.00 per hour for employees with 25 or fewer employees. In 2020, the state minimum wage exceeded the LWO wage rate with benefits. Since the state minimum wage exceeds the LWO wage rate, contractors covered by the LWO will pay their employees at least the state minimum wage rate. The County Executive Office will continue to work with the General Services Agency to adjust the LWO wage rates automatically on an annual basis per County Ordinance until further direction is provided by your Board.

DISCUSSION

In the current fiscal year, the County issued purchase orders to approximately 81 service contracts under the LWO, totaling nearly \$18.6 million per year. The impact of a fifty-cent adjustment on service contract rates is anticipated to be minimal since the state minimum wage rate and LWO wage rate are relatively equal (See Table 1).

In conjunction with the adoption of the LWO in 2001, your Board also adopted the *Resolution of Commitment to a Living Wage for County Employees*. The resolution directs that the LWO wage rates shall apply to both regular and extra help County employees. There are no employees currently paid less than the new base wage rate of \$11.50 per hour plus benefits or the new living wage without benefits rate of \$13.50 per hour.

The LWO states that whenever a fifty-cent adjustment is in order, the living wage rate shall be automatically adjusted by fifty-cents per hour on July 1, unless the County Executive Office reports that such an increase would unduly burden the County budget. The adopted budget for FY 2021-22 is a balanced budget. The County Executive Office does not believe an adjustment would be considered an undue burden to the County budget and is therefore notifying your Board of the automatic adjustment to the living wage rate as specified in the ordinance. The change will be posted on the County's Procurement website.

Per state law, effective January 1, 2021, the minimum wage increased to \$14.00 per hour for employers with 26 or more employees and \$13 per hour for employees with 25 or fewer employees. The state minimum wage will be adjusted on a yearly basis through 2023 according to the pre-set schedule. Table 1 shows the minimum wage and LWO wage rates.

Table 1: Schedule for California Minimum Wage Rate with County Living Wage Ordinance Wage Rates

Date*	Minimum Wage 25 employees or less	Minimum Wage 26 Employees or More	Living Wage Ordinance Wage Rate with Health Benefits	Living Wage Ordinance Wage Rate without Health Benefits
July 1, 2017	\$10.00	\$10.50	\$10.50	\$12.50
July 1, 2018	\$10.50	\$11.00	\$10.50	\$12.50
July 1, 2019	\$11.00	\$12.00	\$11.00	\$13.00
July 1, 2020	\$12.00	\$13.00	\$11.00	\$13.00
July 1, 2021	\$13.00	\$14.00	\$11.50	\$13.50
July 1, 2022	\$14.00	\$15.00		
July 1, 2023	\$15.00	\$15.00		

*California minimum wage is in effect January 1 each year. LWO rates are in effect on July 1 each year.

The Auditor-Controller's Office, County Counsel and General Services Agency have reviewed the letter. If there are questions related to this matter, please contact James Importante, Program Management Analyst at (805) 654-5088.

Sincerely,



James Importante
Program Management Analyst



M.P.

Michael Powers
County Executive Officer

Exhibit 1 – CPI Analysis – Living Wage Adjustments