

Memorandum



CITY OF DALLAS

DATE February 17, 2017

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT January / February 2017 Living Wage Results

On Tuesday, February 21, 2017, the Office of Business Development and Procurement will brief the Budget, Finance, & Audit Committee on the January / February 2017 Living Wage Results. I have attached the briefing for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Larry E. Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Tolbert, Chief of Staff

Mark McDaniel, Interim First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Mark McDaniel, Assistant City Manager
Eric D. Campbell, Assistant City Manager
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager
Directors and Assistant Directors

January / February 2017 Living Wage Results

Budget, Finance, and Audit

Briefing

February 21, 2017



PURPOSE

- Background
- How the Wage Floor Is Applied
- Wage Floor Impact
- Upcoming General Service Contracts
- Summary
- Next Steps
- Questions

BACKGROUND

- August 2014 –The Mayor’s Task Force on Poverty recommended a City employee and City contractors’ employee hourly rate of \$10.25 adjusted for inflation
- August 2014 - City Council FY 2014-15 budget discussion regarding hourly rate paid to Sanitation Services temporary employees
- June 8, 2015 – Sanitation Services briefed Quality of Life
 - Additional cost to hire day laborers estimated to be \$4 million annually; approximately \$1.60 per month impact to sanitation residential fee
 - Discussed creating the opportunity for temporary laborers to become City employees
 - Quality of Life Committee directed staff to proceed with a Performance Certification pilot program

BACKGROUND

- Business Development and Procurement Services provided information to City Council on possible options and fiscal impact of implementing a wage floor policy on the following dates:
 - August 5, 2015
 - September 2, 2015
 - September 16, 2015
 - October 21, 2015

BACKGROUND

- On November 10, 2015, City Council authorized Resolution No. 15-2141 which requires prime contractors, awarded general service contracts valued greater than \$50,000, and sub-contractors on City contracts to pay their employees rendering specific services on the contract a wage floor of no less than **\$10.37 per hour**



HOW THE WAGE FLOOR IS APPLIED

- In accordance with Resolution No. 15-2141, the wage floor is required on all general service contracts
 - General Services, as defined in part, by Dallas City Code Chapter 2, Section 27, means insurance, services related to the purchase of high technology items, or other types of manual, physical, or intellectual labor
 - This excludes personal, professional, and planning services, and facility construction or construction services
- Business Development and Procurement Services reviews the wage floor annually and bases it upon the Massachusetts Institute of Technology (MIT) Living Wage Index
- Newly awarded service providers are required to submit an affidavit stating compliance with the wage floor (\$10.37) for all employees working on City of Dallas service contracts
 - Wage floor data collected annually

WAGE FLOOR IMPACT

Temporary Industrial Labor for Sanitation Services

- Contractor currently has placed 591 employees on the City of Dallas Contract
- 200 employees are utilized on a daily basis
- 95% of employees on the City's contract reside within City limits
- Positive impact
 - Ability for contractor to begin hiring and retaining experienced employees
 - More consistent daily availability of employees
 - Improved morale
 - 18 employees have transitioned to full-time employment with Sanitation Services
 - 4 truck driver trainees completed their program and promoted to truck driver
 - 10 truck driver trainees recently hired
 - 4 laborers hired



WAGE FLOOR IMPACT

In 2015, we identified 19 contracts that have employees on the lower end of the pay scale, including: grounds maintenance, janitorial, temporary labor, and other service related contracts

- The City renewed 6 of these 19 contracts between December 1, 2015 and December 31, 2016 with an average of 36.5% increase in contract price
 - Increase could have resulted from wages and other variables

WAGE FLOOR IMPACT

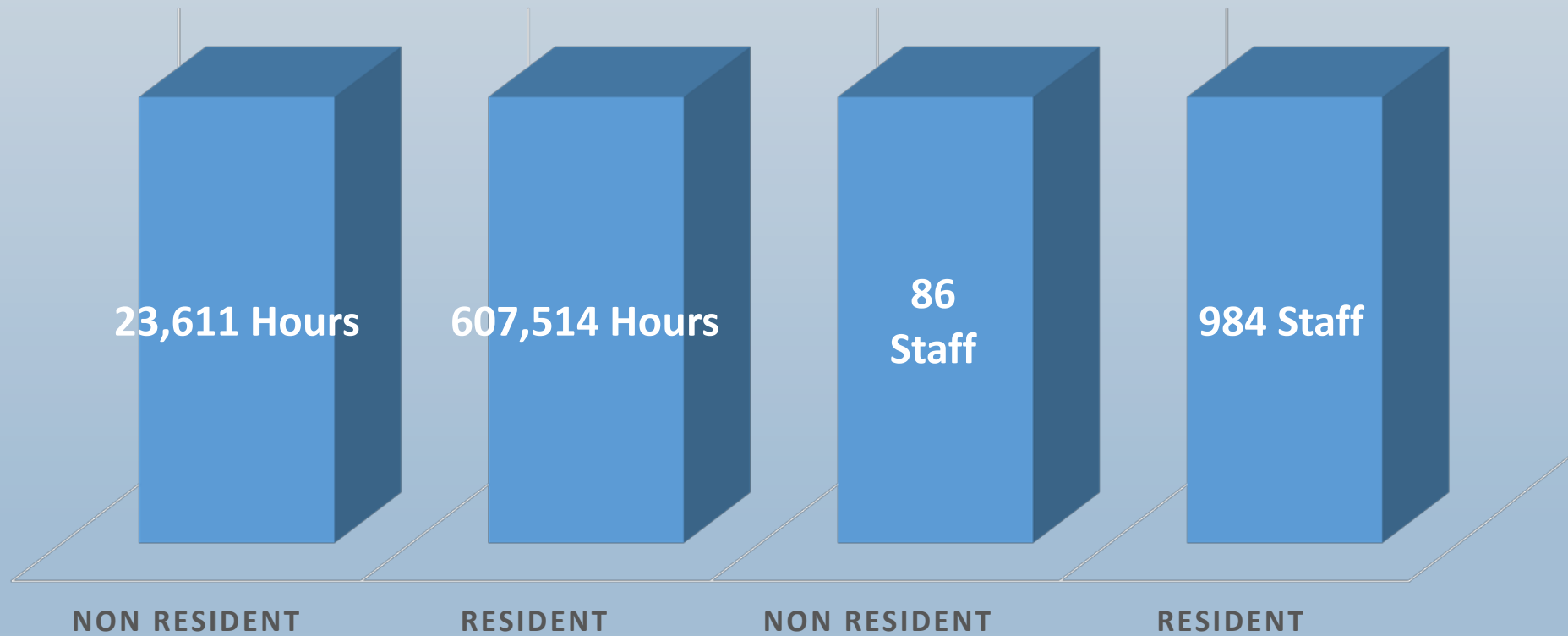
Contracts Renewed

December 2015 through December 2016

Description	New Contract Amount	Differential
Grounds maintenance - PKR, EBS, AVI	\$3.2M	+14%
Event set-up at Kay Bailey Hutchison Convention Center	\$3.6M	+76%
Temporary Day Labor-Citywide	\$15M	+43%
Temporary Labor-clerical and professional	\$28.5M	+20%
Temporary Industrial Labor-Sanitation Services	\$20.2M	+30%
Temporary Labor – Stage Hands	\$1.2M	+1%

WAGE FLOOR IMPACT

RENEWED CONTRACTS 2015-2016



UPCOMING GENERAL SERVICE CONTRACTS

Contract Description	Anticipated Contract Council Award Date
Grounds Maintenance - DPD	2017
Grounds Maintenance - DFD, HOU, STS	2017
Grounds Maintenance/Levees - Hensley Field, SAN	2017
Janitorial Service - OCA	2017
Temp Labor – IT Professional	2017
Yard waste grinding	2019
Grounds Maintenance – TXDOT Properties	2019
Grounds maintenance - Litter pickup for Parks	2019
Janitorial Services for DWU,WIC,TWM	2019
Janitorial Services - Oak Cliff Municipal Center	2020
Janitorial Services - DFR	2020
Janitorial Services for Kay Bailey Hutchison Convention Center	2020
Central utility plant maintenance for Love Field (includes facility inspections, maintenance and repairs)	2020

SUMMARY

Living Wage has improved:

- The overall quality of services rendered
- Increased employee retention and morale
- Increased qualified candidate pool for hiring

NEXT STEPS

- Review MIT Wage Floor Index Annually
- Continue to collect data to provide information for next reporting period

QUESTIONS

