

EXHIBIT NO. 1

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9-12-09

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City of Alexandria, Virginia

MEMORANDUM

DATE: AUGUST 28, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: ORDINANCE TO ROLLBACK TO FY 2009 LEVELS THE HOURLY WAGE RATE FOR SERVICE CONTRACTS (LIVING WAGE) SET FORTH IN CITY CODE SECTION 3-3-31.1

ISSUE: Consideration of an ordinance to rollback to FY 2009 levels the hourly, living wage rate that contractors pay to provide certain services to the living wage rate that was effective from July 1, 2008, to June 30, 2009, pursuant to City Code Section 3-3-31.1.

RECOMMENDATION: That City Council pass the ordinance on first reading and schedule it for public hearing, second reading and final passage on Saturday, September 12.

DISCUSSION: In 2000, Council adopted a living wage policy for employees of companies awarded competitively bid service contracts. While Alexandria was the first local government in the Washington, D.C. area to adopt a living wage policy, other jurisdictions have followed and adopted similar policies. To determine the dollar level of the living wage to be paid, a formula was established that used federal Bureau of Labor statistics and Health and Human Services indices. As these indices were recalculated annually, they impacted the City's living wage dollar levels. In 2001, the living wage was \$8.70 per hour and in FY 2009 had increased annually to \$13.13 per hour. When the City budget for FY 2010 was prepared, a decision to freeze the living wage at FY 2009 levels was incorporated into the budget. However, inadvertently the City ordinance was not amended prior to July 1, 2009 to reflect this freeze of the living wage at the FY 2009 level of \$13.13 per hour. As a result contractors were required to start paying a living wage increase of \$13.65 per hour for contracts awarded on or after July 1, 2009. This proposed ordinance would rollback this \$0.52 per hour wage increase to the intended budget level.

There is an economic downturn that is affecting the City of Alexandria and as such the City and its contractors must reduce expenditures. In this environment, City employees have been required to forgo any increase in salary, including those whose salaries are close to the living wage rate. One strategy to meet the challenges posed by this downturn would be to rollback the requirement that contractors on City contracts pay their employees the annual adjustment in the hourly wage rate set forth in City Code Section 3-3-31.1. Rolling back the annual adjustment would effectively reduce the hourly minimum wage rate from \$13.65/hour to \$13.13/hour, the rate that was effective on July 1, 2008. This rollback would be consistent with the FY 2010 budget adopted by Council.

Suspending the annual wage adjustment would impact service contract employees which have been historically referred to as “blue collar” workers. Such employees are involved in delivering services, the types of which include: custodial services, ground maintenance services, pest control services, security guard services, snow removal services, and tree removal services.

No new service contracts to which the Living Wage Ordinance applies have been awarded since July 1, 2009. However, the City did advise all holders of current service contracts to which the living wage requirement applies of the increased wage rate effective July 1, 2009. The proposed ordinance would be applicable to all City contracts entered into subsequent to the adoption of the ordinance. The ordinance would be effective until the wage freeze was lifted at some later date by ordinance when budget conditions improve.

FISCAL IMPACT: Based on the current number of contracts that would be impacted by a rollback in the living wage rate, it is estimated that there will be a reduction in expenditures by the City for service contracts of approximately \$100,000 annually. When new contracts are awarded or renewed, the fixed price contracts would presumably be less than otherwise as contracts reflect the lower wage.

STAFF:

Bruce Johnson, Chief Financial Officer
Stephen B. Gordon, Director of Procurement
Christina Zechman Brown, Assistant City Attorney

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Introduction and first reading: 9/8/09
Public hearing: 9/12/09
Second reading and enactment: 9/12/09

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to rollback the hourly wage rate that contractors are required to pay their employees under public contracts for the provision of services to the rate that was effective on July 1, 2008 (FY 2009), pursuant to Code Section 3-3-31.1 (SERVICE CONTRACT WAGES) of Division 1 (COMPETITIVE SEALED BIDDING) of Article D (CONTRACT FORMATION AND SOURCE SELECTION) of Chapter 3 (PURCHASES AND CONTRACTUAL SERVICES) of Title 3 (FINANCE, TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended.

Summary

The proposed ordinance would rollback the hourly wage rate contractors are required to pay their employees under public contracts for the provision of services to the rate that was effective on July 1, 2008 (FY 2009), \$13.13/hour. As required by the Code Section 3-3-31.1, the hourly wage rate adjusted upward to \$13.65/hour on July 1, 2009.

Sponsor

Stephen B. Gordon, Director of Procurement

Staff

Bruce Johnson, Chief Financial Officer, Management and Budget
Stephen B. Gordon, Director of Procurement
Christina Zechman Brown, Assistant City Attorney

Authority

§§ 5.12 and 5.13 of the City Charter
§ 2.2-4300, et. seq. of the Virginia Code

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

ORDINANCE NO. _____

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AN ORDINANCE to rollback the hourly wage rate that contractors are required to pay their employees under public contracts for the provision of services to the rate that was effective on July 1, 2008 (FY 2009), pursuant to Code Section 3-3-31.1 (SERVICE CONTRACT WAGES) of Division 1 (COMPETITIVE SEALED BIDDING) of Article D (CONTRACT FORMATION AND SOURCE SELECTION) of Chapter 3 (PURCHASES AND CONTRACTUAL SERVICES) of Title 3 (FINANCE, TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended.

WHEREAS, the City Council finds and determines that:

1. There is an economic downturn that is affecting the City of Alexandria and the City of Alexandria must decrease expenditures.

2. As such, the City of Alexandria would decrease expenditures by requiring that contractors awarded public contracts for the provision of services, by competitive sealed bidding or competitive negotiation, rollback the hourly wage rate paid to their employees to the rate that was effective as of July 1, 2008 (FY 2009), pursuant to Code Section 3-3-31.1. This hourly wage rate rollback would also apply to public contracts for the provision of services renewed by the City.

3. Due to the fact that the wage rate was increased on July 1, 2009, pursuant to Code Section 3-3-31.1(b), adoption of this ordinance is necessary and desirable to aid in the reduction of expenditures by the City of Alexandria as soon as possible; now, therefore,

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That contractors, awarded public contracts for the provision of services, by competitive sealed bidding or competitive negotiation, shall be required to pay their employees, who are assigned to perform services under such public contract and while such employees are performing services on property owned or controlled by the City, the hourly wage rate as determined under Code Section 3-3-31.1 and effective on July 1, 2008 (FY 2009).

Section 2. That the above mentioned hourly wage rate shall also apply to public contracts for the provision of services renewed by the City.

Section 3. That the ordinance shall not abrogate any additional requirements or duties set forth in Code Section 3-3-31.1.

Section 4. That this ordinance shall preempt any contrary provision of law, general or special.

1 Section 5. That this ordinance shall become effective upon the date and at the time
2 of its final passage.
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4 WILLIAM D. EUILLE
5 Mayor
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7 Introduction: 9/8/2009
8 First Reading:
9 Publication:
10 Public Hearing:
11 Second Reading:
12 Final Passage:
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ORDINANCE NO. 4625

AN ORDINANCE to rollback the hourly wage rate that contractors are required to pay their employees under public contracts for the provision of services to the rate that was effective on July 1, 2008 (FY 2009), pursuant to Code Section 3-3-31.1 (SERVICE CONTRACT WAGES) of Division 1 (COMPETITIVE SEALED BIDDING) of Article D (CONTRACT FORMATION AND SOURCE SELECTION) of Chapter 3 (PURCHASES AND CONTRACTUAL SERVICES) of Title 3 (FINANCE, TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended.

WHEREAS, the City Council finds and determines that:

1. There is an economic downturn that is affecting the City of Alexandria and the City of Alexandria must decrease expenditures.

2. As such, the City of Alexandria would decrease expenditures by requiring that contractors awarded public contracts for the provision of services, by competitive sealed bidding or competitive negotiation, rollback the hourly wage rate paid to their employees to the rate that was effective as of July 1, 2008 (FY 2009), pursuant to Code Section 3-3-31.1. This hourly wage rate rollback would also apply to public contracts for the provision of services renewed by the City.

3. Due to the fact that the wage rate was increased on July 1, 2009, pursuant to Code Section 3-3-31.1(b), adoption of this ordinance is necessary and desirable to aid in the reduction of expenditures by the City of Alexandria as soon as possible; now, therefore,

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That contractors, awarded public contracts for the provision of services, by competitive sealed bidding or competitive negotiation, shall be required to pay their employees, who are assigned to perform services under such public contract and while such employees are performing services on property owned or controlled by the City, the hourly wage rate as determined under Code Section 3-3-31.1 and effective on July 1, 2008 (FY 2009).

Section 2. That the above mentioned hourly wage rate shall also apply to public contracts for the provision of services renewed by the City.

Section 3. That the ordinance shall not abrogate any additional requirements or duties set forth in Code Section 3-3-31.1.

Section 4. That this ordinance shall preempt any contrary provision of law, general or special.

Section 5. That this ordinance shall become effective upon the date and at the time of its final passage.

WILLIAM D. EUILLE
Mayor

Final Passage: September 12, 2009