



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmembers
Rocha, Peralez,
& Jimenez

SUBJECT: RESIDENTIAL SOLID WASTE
CONTRACT LIVING WAGE

DATE: December 15, 2017

Approved

Date

12 - 15 - 17

RECOMMENDATION

Don Rocha, pit

That the City Council provide the following staff direction:

1. As staff negotiates new contracts with solid waste contractors, pursue a modified living wage standard for customer service representatives, mechanics and MRF workers who work at the main facilities of residential solids waste contractors. The modified living wage would be based on the percentage of time a given classification spends on San Jose work.
2. In 2018, return to City Council with an update on the cost of implementing the direction outlined in recommendation 1, but do not bring back an amendment to Council Policy 3-3.
3. As part of the negotiation of solid waste contract extensions, require that contractors provide the City with an updated labor peace plan that demonstrates how labor peace will be maintained for the extended contract term.

ANALYSIS

Staff's analysis has revealed that some workers at the main facilities of San Jose's solids waste contractors do not earn a living wage. It can be very challenging for low wage workers in our area to meet their basic needs for food and shelter, and even more challenging to start a family or seek an education. We feel a moral obligation to ensure that workers on City contracts are paid at a minimum standard that allows them to meet their basic need and live with some measure of dignity.

We believe staff provides a reasonable path forward to apply living wage standards to additional workers under the City's solids waste contracts. Their modified living wage proposal would tie the wage level required under a City contract to the amount of work that they perform for the City, to ensure that San Jose ratepayers do not subsidize work for other jurisdictions. The next step in this effort would be for staff to return to the

Council in the spring with an update on how much application of a new wage standard would cost. The Council could then make a final decision on whether to proceed.

When staff returns with cost information, it would be useful to understand not only the initial cost of the new contracts, but also how the contract cost would be adjusted over time and which costs ratepayers would be asked to assume responsibility for over the life of the contract. It would also be useful to understand how the City approaches the issue of the contractor's rate of return, so that we can have a complete understanding of how the contract cost is determined.

We recommend against amending Council Policy 3-3. As staff points out in the third paragraph on page 5, including a modified living wage in the solid waste contracts "would not necessarily require a change to Council Policy 3-3." We don't believe it's necessary to add needless complexity to the policy and are comfortable leaving it as is.

Finally, we recommend that as part of the contract extension negotiations, we ask solid waste contractors to submit updated labor peace plans to demonstrate how they will maintain labor peace for the extended contract term. As discussed on page 6 of the staff memo, solid waste contractors have previously submitted labor peace plans as part of the original Request for Proposals process related to the current agreements, but given that some time has passed since those RFP processes and that a significant contract extension is under consideration, we believe it's reasonable to ask that updated plans be submitted to ensure labor peace for the extended contract term.

We believe that these recommendations present a reasonable path forward, but of course are very interested in hearing any additional feedback that staff or the contractors may wish to provide.