

**CLERK OF THE BOARD OF SUPERVISORS  
EXHIBIT/DOCUMENT LOG**

**MEETING DATE & AGENDA NO. 02/08/202 #17**

**STAFF DOCUMENTS (Numerical)**

| No. | Presented by:      | Description: |
|-----|--------------------|--------------|
| 1   | Staff Presentation | 19 pages     |
| 2   |                    |              |
| 3   |                    |              |
| 4   |                    |              |

**PUBLIC DOCUMENTS (Alphabetical)**

| No. | Presented by: | Description: |
|-----|---------------|--------------|
| A   | N/A           |              |
| B   |               |              |
| C   |               |              |
| D   |               |              |
| E   |               |              |
| F   |               |              |
| G   |               |              |



County of San Diego

# PROPOSED WORKING FAMILIES ORDINANCE

Board of Supervisors

February 8, 2022

Item #17

# Proposed Ordinance Overview

**Allow employees in San Diego to be paid a reasonable wage that enables them to afford basic living necessities**



# Proposed Ordinance - Construction

## County Construction Contracts:

- Set Skilled and Trained threshold for construction contracts at \$1M
- Incorporate sick leave definition
- Incorporate sick leave requirements



# Proposed Ordinance - Lessees

## Workers on County-owned leased property:

- In lieu of living wage, total compensation minimum of \$16.50 per hour for Lessee employees and contractors
- Defined total compensation to include benefits in addition to salary
- Clarified that prevailing wage only applies to construction activity on projects \$1M+
- Align sick leave requirements across the ordinance

# Proposed Ordinance - Limitations

## Sample exemptions:

- Current Affordable Housing projects
- Leases used for equipment or personal property
- Ancillary services, for fewer than 8 hours per week
- Non-Profits with limit on executive pay
- Businesses employing 20 or fewer employees

# Policy F-41 Revision

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## Public Works Construction Projects:

- Requests for bids for public works projects solicited after June 30, 2022 **shall** require prospective bidders to prequalify for the public works project.
  - County may prequalify contractors on a quarterly basis
  - Prequalification applies for 1-year
  - Applies to design-bid-build contracts (low bid)



[www.FinanceDTA.com](http://www.FinanceDTA.com)

# Working Families Ordinance County of San Diego

February 8, 2022

Public Finance  
Public-Private Partnerships  
Development Economics  
Clean Energy Bonds

*Office Locations: Newport Beach | San Jose | San Francisco | Riverside | Dallas | Houston | Raleigh | Tampa*



# Overview

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- Sources and Methodology Used in the Study:
  - Case studies
  - Government sources
  - Academic publications
  - County Lease data
  - Surveys
- Areas Not Covered in the Study:
  - Tax impacts
  - Aviation leases vs. non-aviation leases
  - Financial impact of lessees who initiate construction contracts
  - Evaluation of other compensation to employees

# Key Assumptions

| Analysis Assumptions                          | Survey Data    | Research/Other Data | DTA Assumptions     |
|---|----------------|---------------------|---------------------|
| Employees per Business                        | 40             | 11                  | 11                  |
| Employees (\$15/Hour-\$20/Hour) % of Total    | 37%            | NA                  | 37%                 |
| Spillover Assumptions                         | None           | Varies              | \$15/Hour-\$20/Hour |
| Employee Types                                | Full/Part-Time | N/A                 | Full-Time           |
| Proposed Wage Floor                           | N/A            | \$16.50             | \$16.50             |
| % of Expiring Leases that do <u>not</u> renew | 50%            | N/A                 | 75%                 |

# Survey Results

| Terms                     | Lessee Survey | Contractor Survey | Follow-Up Survey |
|---------------------------|---------------|-------------------|------------------|
| Number of Businesses      | 711           | 171               | 882              |
| Number of Questions       | 30            | 22                | 5                |
| Response Rate             | 9.30%         | 7.00%             | 6.70%            |
| Statistically Significant | No            | No                | No               |

- Surveys not statistically significant, e.g., sample of population too small
- Results provided valuable insight
- Responses and comments were consistent across each of the questions posed

# Wage Floor Assumptions

**Basic needs budget = Food cost + childcare cost + (insurance premiums + out of pocket health care costs) + housing cost + transportation cost + other necessities cost + civic engagement + broadband**

**Living wage = Basic needs budget + (basic needs budget\*tax rate)**

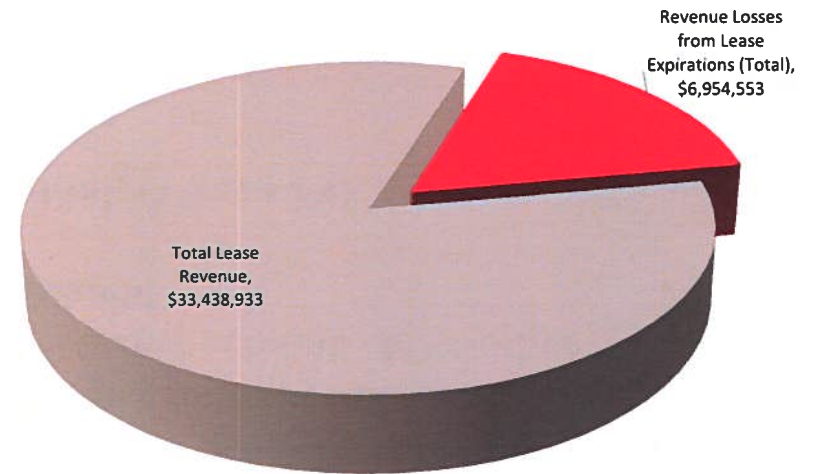
| Household              | 0 Children     | One Child | Two Children | Three Children |
|------------------------|----------------|-----------|--------------|----------------|
| One Adult              | \$21.62        | \$43.70   | \$53.33      | \$70.69        |
| Two Adults (1 Working) | \$33.00        | \$40.34   | \$44.38      | \$51.40        |
| Two Adults (2 Working) | <b>\$16.50</b> | \$23.46   | \$28.78      | \$35.58        |

# Projected Lease Revenue (Aggregate)

End of 2021



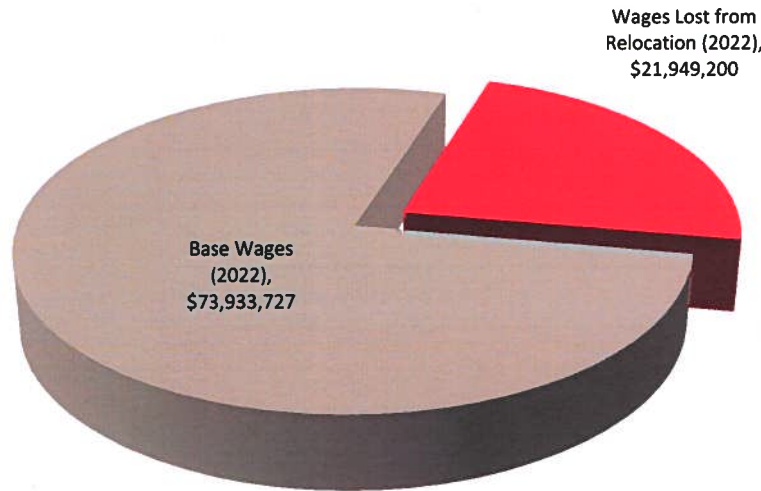
End of 2022



# Projected Lease Revenue (Aggregate)

| Lease Manager                                | Estimated Lease Revenue (2021) | Leases Set to Expire in 2022 | Revenue Lost by the end of 2022 |
|--|--------------------------------|------------------------------|---------------------------------|
| <b>Dept. of Public Works/Airport</b>         | <b>\$35.85M</b>                | <b>\$6.87M</b>               | <b>\$5.15M</b>                  |
| <i>Direct Leases (to County)</i>             | <i>\$13.36M</i>                | <i>\$0.32M</i>               | <i>\$0.24M</i>                  |
| <i>Subtenant Leases (to Lessees)</i>         | <i>\$22.49M</i>                | <i>\$6.54M</i>               | <i>\$4.91M</i>                  |
| <b>Dept. of General Services (to County)</b> | <b>\$4.54M</b>                 | <b>\$2.40M</b>               | <b>\$1.80M</b>                  |
| <b>Grand Total</b>                           | <b>\$40.39M</b>                | <b>\$9.27M</b>               | <b>\$6.95M</b>                  |

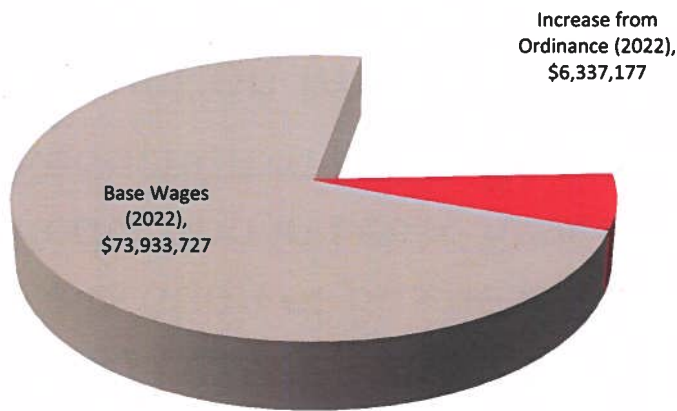
# Projected Total Wages Lost from Relocations \$15/Hour to \$20/Hour Wage Range



■ Base Wages (2022)   ■ Wages Lost from Relocation (2022)

| Lease Manager                          | End of 2021     | End of 2022      |
|--|-----------------|------------------|
| Dept. of Public Works/Airport          | \$73.24M        | \$57.74M         |
| Base Wages (\$17.50/Hour; 2,080 Hours) | \$73.24M        | \$73.24M         |
| Wages for Employees Relocated for Year | \$0.00M         | -\$15.51M        |
| Dept. of General Services [1]          | \$22.64M        | \$16.20M         |
| Base Wages (\$17.50/Hour; 2,080 Hours) | \$22.64M        | \$22.64M         |
| Wages for Employees Relocated for Year | \$0.00M         | -\$6.44M         |
| <b>Total Base Wages</b>                | <b>\$95.88M</b> | <b>\$73.93M</b>  |
| <b>Wages for Employees Relocated</b>   | <b>\$0.00M</b>  | <b>-\$21.95M</b> |

# Incremental Wage Gains from Ordinance \$15/Hour to \$20/Hour Wage Range



| Lease Manager                 |  | End of 2022    |
|-------------------------------|--|----------------|
| Dept. of Public Works/Airport |  | \$4.95M        |
| Dept. of General Services     |  | \$1.39M        |
| <b>Total Wage Increase</b>    |  | <b>\$6.34M</b> |



# Economic Impacts

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- **County/Lessee Impacts**
  - Relocation of Businesses/Wages from County-Owned Property
  - Reduction in Lease Revenue to the County
  - Reduction in Lease Revenue to Ground Lessees
- **Construction Impacts**
  - Increase in cost to the County for construction contracts
  - Reduction in eligible subcontractors
  - Increase in costs for ground lessees

# Proposed Ordinance - Economic Impacts

- Align with jurisdictions and State law
- Clarify how prevailing wage would apply to construction contracts on County-owned property
- Add wage definition (Option 2A) that includes total compensation, and an ordinance option to exclude wage floor (Option 2B)
- Apply limitations for certain situations
- Assess Market Value of leases at renewal

# Board Letter Recommendations

## **On February 8, 2022:**

1. Accept the Regional Economic Analysis and Impact Report
2. Select an option related to the Working Families Ordinance
3. Adopt the amendments to Board of Supervisors Policy F-41

## **Board takes the action of Recommendation 2a or 2b, then March 1, 2022:**

1. Adopt the Ordinance amending the County Code of Administrative Ordinances (second reading).



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