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City Manager's Office

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Becker Aguirre

SUBJECT: AIRPORT LIVING WAGE
ORDINANCE REPORT

DATE: March 21, 2014

Approved

Date 3/21/14

INFORMATION

The purpose of this memorandum is to provide a summary of the Airport Living Wage Ordinance (ALWO) operation at the Norman Y. Mineta San José International Airport during 2012 and 2013 in accordance with Muni Code Chapter 25.11.

The Office of Equality Assurance (OEA) proactively enforced the ALWO through 2011, when the management and enforcement transferred to the Airport Department.

BACKGROUND

On October 28, 2008, the City Council approved the ALWO, which became effective on January 1, 2009, for Airport Businesses that provide goods or services at the Airport. Requirements include Covered Employees to be paid no less than the City's established ALWO rate, employee retention, labor peace assurance/employee work environment reporting, record keeping and quarterly reporting.

On December 7, 2010, City Council approved an amendment to the ALWO. This amendment included the following changes:

- a) Airport Businesses may amend a current contract to delete the terms and conditions of the City's Living Wage Policy and/or Prevailing Wage Policy to become subject to the ALWO.
- b) Implementation of a 30-day cure period for liquidated damages as long as the business has not violated the minimum compensation requirements within the preceding three years.
- c) Updated the way minimum compensation is calculated. If an Airport Business provides qualifying health insurance to its employees, the lower hourly rate may be paid as a sum.

	Basic Hourly Pay (must = at least \$10.15 as per the SJ Min. Wage)
+	Employer hourly contribution towards health insurance
+	Employer hourly contribution towards retirement
=	<u>\$13.82 (Current required ALWO hourly pay rate)</u>

If an employee is offered health insurance, but voluntarily declines to receive this benefit, the benefits shall be considered provided to the employee.

If an Airport Business does not provide qualifying health insurance, the higher hourly rate must be provided to all Covered Employees as a flat hourly rate, which will always remain \$1.25 per hour higher than the total hourly rate when qualifying health insurance is provided.

- d) Wage adjustments are subject to the Consumer Price Index for All Urban Consumers (CPI-U) for San Francisco-Oakland-San José.
- e) Complaint-based monitoring with required compliance audit once every two years.

SUMMARY OF COMPLIANCE AUDIT FOR 2012 – 2013

Airport Businesses subject to the ALWO	68
Covered Employees	1,346
Complaints investigated	4
Number of minimum compensation violations	5
Employees paid restitution	164
Total employee restitution paid	\$219,839

/s/
Kim Becker Aguirre
Director of Aviation

For questions, please contact Karla Enany, Contract Compliance Coordinator, at 408-392-3640.