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# MEMORANDUM

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Date: February 22, 2018

To: The Honorable Chairman and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: Living Wage 2017 Annual Compliance Report

Attached for your information is the required Living Wage 2017 Annual Compliance Report based on Section 11.38.080 of the Pima County Procurement Code.

The Report is self-explanatory. If you have any questions, please feel free to contact me.

CHH/mp

Attachment

c: Tom Burke, Deputy County Administrator for Administration  
Mary Jo Furphy, Procurement Director

## MEMORANDUM

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Date: February 22, 2018

To: C.H. Huckelberry, County Administrator

Thru: Tom Burke, Deputy County Administrator

From: Mary Jo Furphy, Procurement Director



Re: **2017 Annual Living Wage Compliance Report**

Pursuant to Section 11.38.080 of the Pima County Procurement Code, the County Procurement Director shall file an annual compliance report with the County Administrator and the Board of Supervisors. The attached annual compliance report shows the utilization of specific services procured for the County that must meet Living Wage requirement. This report applies to contracts entered into or renewed in calendar year 2017. Resource information for this report was compiled from Advantage, E-Contracts and Living Wage Database reports. There were a total of 33 Living Wage contracts active during calendar year 2017. Twelve (12) of the thirty-three (33) Living Wage eligible contracts were subject to payroll reporting. The other twenty-one (21) contracts were not subject to payroll reporting because wages paid to all employees exceeded the required Living Wage.

Effective January 1, 2017, the Living Wage required rate slightly increased from \$11.85/per hour to \$12.05/per hour. For companies that provided benefits, the rate of \$10.55 per hour plus \$225.33 of company paid health benefits slightly increased to \$10.73 per hour and \$228.80 of company paid health benefits. These changes represent a 1.70% increase from 2016.

Attachment

**LIVING WAGE 2017 ANNUAL COMPLIANCE REPORT**  
**Calendar Year 2017**

**1) Information is limited to contracts eligible for covered services as defined in Living Wage Code Chapter 11.38**

Service categories for solicitations resulting in contracts over the formal bid threshold (\$100K):

- Facility and building maintenance
- Refuse collection and recycling
- Temporary employee service
- Janitorial and custodial
- Landscape maintenance and weed control
- Pest control
- Security
- Moving services

**2) Data gathered for relational comparison**

Total dollar and percentages of:

- Living Wage Contracts
- Covered service categories for all open Living Wage Contracts
- Payroll reporting statistics of active contracts subject to payroll reporting requirement

**3) Informational base from which data has been collected**

- Regular review of the E-Contracts portal
- Advantage, which tracks amendments and renewals
- Living Wage Database which compiles data into resource documents and records
- On site audit reviews of eligible employees, subcontract labor and employer
- Payroll records to monitor compliance by the contractors

**4) Reports provided**

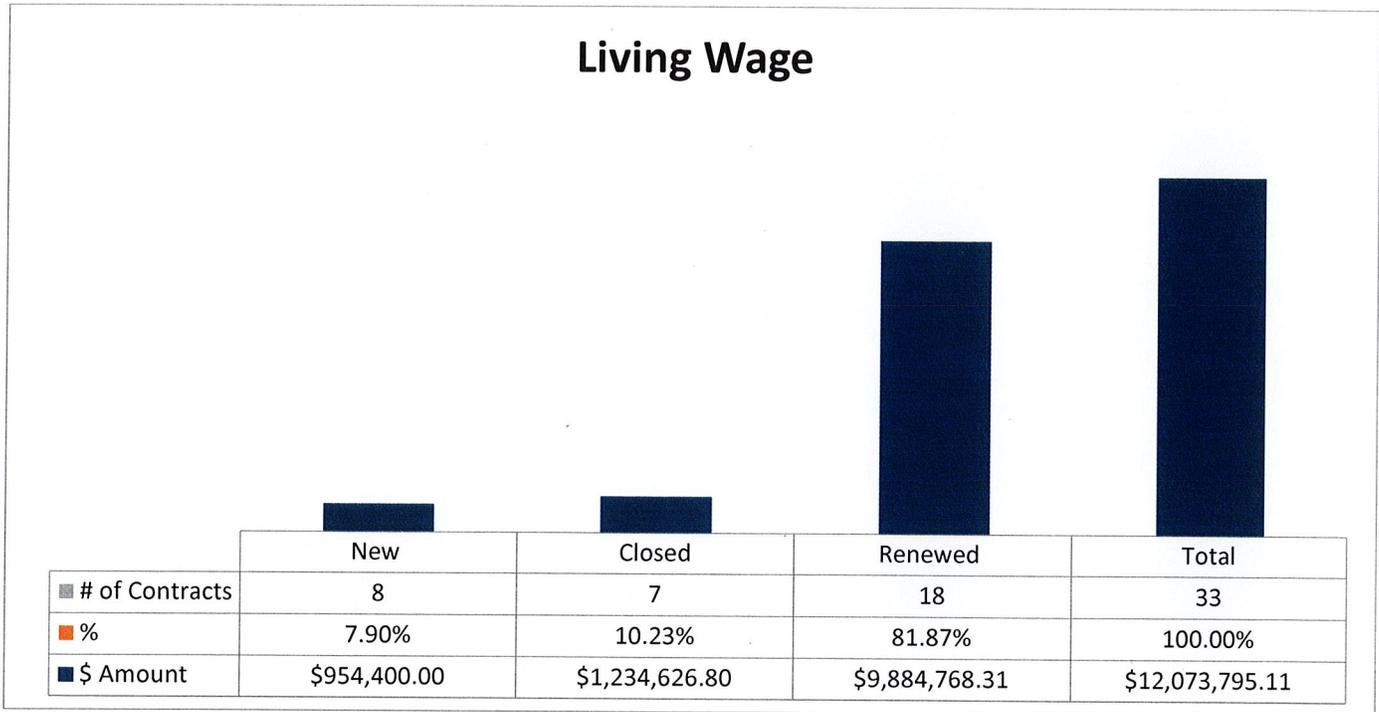
- Graphs to summarize relational dollar and percentage comparisons

**5) Conclusion**

- All Living Wage Contracts are in compliance.

**LIVING WAGE 2017 ANNUAL COMPLIANCE REPORT**  
**Calendar Year 2017**

**LIVING WAGE CONTRACTS**

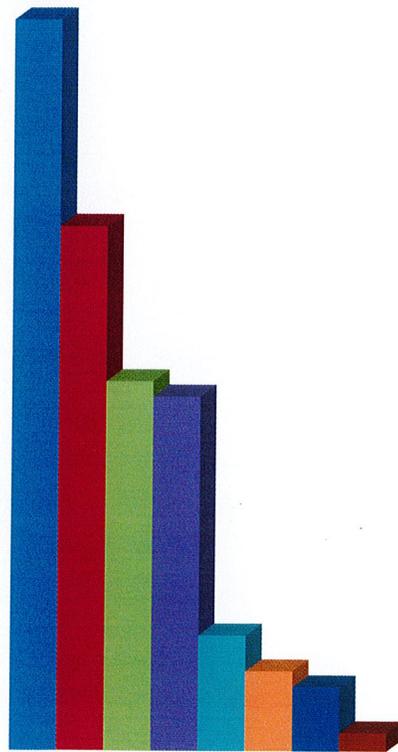


**LIVING WAGE CONTRACTS CLOSED Between 1/1/17 and 12/31/17**

Service Type	Contract \$ Amt	Reason Discontinued
Moving Services	\$ 100,000.00	Expired
Pest Control Services	\$ 380,182.00	Expired
Refuse/Recycling Services	\$ 754,444.80	Expired
<b>Total Discontinued Contracts \$Amt</b>	<b>\$ 1,234,626.80</b>	

**LIVING WAGE 2017 ANNUAL COMPLIANCE REPORT  
Calendar Year 2017**

**COVERED SERVICES**



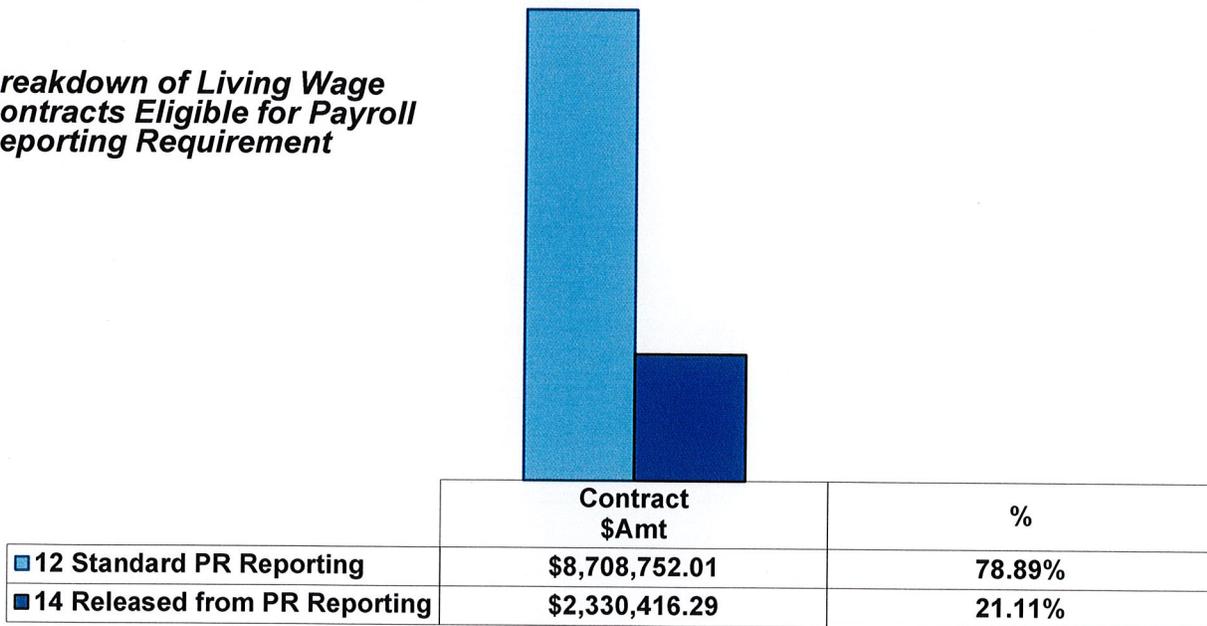
	\$Amt	%
■ 1 Security	\$3,900,000.00	32.30%
■ 7 Janitorial/Custodial	\$2,800,094.44	23.19%
■ 7 Refuse/Recycle	\$1,975,918.50	16.37%
■ 2 Landscape	\$1,894,917.57	15.69%
■ 8 Fac/Bldg Maintenance	\$622,953.00	5.16%
■ 4 Pest Control	\$432,171.60	3.58%
■ 3 Moving Service	\$347,740.00	2.88%
■ 1 Temp Emp Service	\$100,000.00	0.83%

**LIVING WAGE 2017 ANNUAL COMPLIANCE REPORT**  
**Calendar Year 2017**

**PAYROLL REPORTING & AUDITING**

Section 11.38.070 of the Living Wage Code requires the contractor to submit basic records of payroll within seven (7) days from the end of each pay period. Of the twenty-six (26) contracts subject to reporting, fourteen (14) were granted full release after a payroll audit was conducted confirming that all employees working for the vendors earned a salary which was equal to or greater than the current Living Wage at the time of report. Twelve (12) contracts were subject to Living Wage payroll reporting and found to be in compliance with the Living Wage Code requirement upon completion of the standard audit process. Releases are reevaluated with each contract renewal. All Living Wage contracts were in compliance.

***Breakdown of Living Wage Contracts Eligible for Payroll Reporting Requirement***



# LIVING WAGE 2017 ANNUAL COMPLIANCE REPORT Calendar Year 2017

## PAYROLL STATISTICS OF THE 12 REPORTING VENDORS

The gross employee earnings and Living Wage earnings figures were compiled from 367 payrolls that were submitted by vendors and then tracked and audited by County for accuracy and compliance.

The average employee rate for non-county work is approximately \$10.14/hr. Vendors were required to pay employees working on Pima County contracts at least \$12.05.

The average vendor paid a base labor burden (FICA/Medicare/Workers Comp) of approximately 20.92%.

228 employees were affected with a wage increase as a result of the Living Wage. Living Wage employees average 12.85% of total employees with these contractors.

**Living Wage Paid Compared To What Would Have Otherwise Been Paid**

