



February 28, 2017

TO: Park Board Chair and Commissioners
FROM: General Manager - Vancouver Board of Parks and Recreation
SUBJECT: Endorsing Vancouver's Living Wage Certification

RECOMMENDATION

THAT the Vancouver Park Board endorse the City of Vancouver's Living Wage certification requirements in relation to contracted services procured on behalf of the Park Board.

REPORT SUMMARY

In September 2016, City Council passed a motion "[Making the City of Vancouver a Living Wage Employer](#)". As part of that motion, staff were directed to inform the Park Board of the City's plan to pursue Living Wage Certification and further to seek the Park Board's endorsement of the Living Wage certification requirements in relation to contracted services procured on behalf of the Park Board.

To be recognized as a Living Wage Employer, the City must implement measures to ensure that direct employees and individuals employed by contracted service providers, including subcontractors, are compensated at or above the Living Wage rate. In Metro Vancouver, the 2016 Living Wage rate has been established by the *Living Wage for Families Campaign* at \$20.64 per hour, including direct salary and certain benefits. To determine the implications of adopting Living Wage certification status, staff conducted best practice research, analyzed the City's wage rates, and reviewed the City and Park Board's third party contractor spend, vendor base and key contracts.

At the present time, all City of Vancouver and Park Board employees are paid at or above the current Living Wage. Four City of Vancouver contracts have been identified as being below Living Wage rates, however all Park Board current contracts have been deemed either above the Living Wage rate or out of scope.

POLICY / PREVIOUS DECISIONS

As outlined in the [Park Board's Procurement Policy](#), the Park Board has the authority to approve contracts with values below \$2,000,000. Contracts with values of \$2,000,000 and greater must also receive Council approval.

In July 2015, [Council approved a motion](#) affirming its commitment to have the City of Vancouver become certified as a Living Wage Employer and directed staff to report back on the steps required to achieve that goal.

In September 2015, the Park Board motion "[Endorsing Vancouver's Living Wage Certification](#)" was referred to staff.

In September 2016, City Council passed a motion "[Making the City of Vancouver a Living Wage Employer](#)". As part of that motion, staff were directed to inform the Park Board of the City's plan to pursue Living Wage Certification and further to seek the Park Board's endorsement of the Living Wage certification requirements in relation to contracted services procured on behalf of the Park Board.

BACKGROUND

The Living Wage threshold, as calculated by the *Living Wage for Families Campaign*, reflects the amount that two working adults supporting two children need to earn to cover their basic expenses, taking into account government transfers and deductions. It is calculated on an annual basis using the actual costs of living for a specific community. The Living Wage rate for Metro Vancouver for 2016 is \$20.64 per hour, including direct wages as well as the value of non-mandatory benefits such as paid sick leave and vacation, employer-paid Medical Services Plan premiums, and extended health benefits.

The *Living Wage for Families Campaign* has developed a program to encourage organizations to become certified as Living Wage Employers. To date, 68 employers across BC have achieved certification including Vancouver City Savings Credit Union (Vancity), the City of New Westminster, the City of Quesnel, the City of Port Coquitlam, and Huu-ay-aht First Nations.

Living Wage Employer Program Overview

To be recognized as a Living Wage Employer, the City must implement measures to ensure that direct employees and individuals employed by contracted service providers, including subcontractors, are compensated at or above the Living Wage rate.

To become certified as a Living Wage Employer, an organization must commit that:

- All directly employed employees (full-time, part-time and casual) are compensated at the current Living Wage rate, including direct wages and non-mandatory benefits.
- Contractors and subcontractors that provide regular, ongoing services on the Living Wage employer's premises compensate their employees at the current Living Wage rate. In the case of contracts presently in effect, there is an obligation to signal intent to contract at the new Living Wage rate when the contract is renewed.
- The organization has implemented a process for an annual adjustment in wages for direct staff to the updated Living Wage.
- The organization has implemented a process for an annual adjustment in wages for contractors and subcontractors to the updated Living Wage.

Due to the large number of contracts and externally contracted staff, the *Living Wage for Families Campaign* recognizes that it is not feasible to apply the Living Wage clause in all cases. Living Wage Employers typically apply some defensible criteria to determine which contracts fall within the scope of the policy.

To determine the appropriate criteria for the City of Vancouver, staff benchmarked two other Living Wage Employers: Vancity and City of New Westminster. Based on the experience of

those organizations, and guidance from the *Living Wage for Families Campaign*, staff have applied the following parameters to determine in-scope contracts and vendors:

1. Annual service contract value in excess of \$250,000;
2. Service is provided on City sites;
3. Contractor and its subcontractors provide regular and on-going services to the City;
4. Work must last longer than one continuous hour per occasion;
5. Service is provided on a regular ongoing basis; contractor must perform services over 120 hours per year.

The *Living Wage for Families Campaign* acknowledges a number of criteria on which specific employees or contractors are appropriately exempted from consideration in the certification process, including:

- students, interns and practicum placements for summer projects, etc. (as long as no more than 10% of total staff);
- workers providing fewer than 120 hours of service per year;
- ad hoc contract work (for example emergency or non-recurring repairs or maintenance where no standing contracts are in place);
- volunteers;
- employees of organizations (for profit or not-for-profit) that lease property from the City;
- social enterprise (as long as no more than 10% of employer's total procurement);
- multiple small contracts; for larger employers, where a contract makes up no more than half of a percentage of its annual purchasing budget (over a \$1 million contract size for the City).

The *Living Wage for Families Campaign* recognizes that it could take time for employers to achieve full compliance, particularly in relation to external service contracts. To apply for certification, employers must prepare and submit a Living Wage Employer Implementation Plan that includes general information regarding the organization, the representative responsible for oversight of the Living Wage program, the number and compensation levels of direct staff, the estimated number and type of service contracts that will be affected and the mechanism to ensure that renewal contracts are consistent with the Living Wage guidelines.

DISCUSSION OF PARK BOARD IMPACTS

The Park Board has been included in the City's Living Wage Implementation Plan and is not seeking a separate certification. At the present time, all City of Vancouver employees, including Park Board staff, are paid at or above the current Living Wage so are not impacted.

Current Contracted Services

Subject to the Park Board's Procurement Policy, which aligns with the Corporate Procurement Policy ([AF-015-01](#)), the City provides the Park Board with procurement services. In general, the types of contracts that the Park Board engages in are service contracts, purchase contracts, operating agreements, leases, or licenses. The contracts that are in scope for Living Wage are those that are traditionally service contracts or purchase contracts that also

contain a labour component. Operating agreements with community groups such as Community Centre Associations (CCAs) or the Vancouver Botanical Garden Association (VBGA) are not in scope. Traditional leases or licenses with groups such as restaurant properties are also out of scope.

A review of the top contracts-by-spend for 2014 - 2016 found that no current contracts are affected by the Living Wage requirements. This was based primarily on two factors: the individual contract does not hit the minimum annual spend threshold of \$250,000, or service providers are already paying above the living wage amount. The contracts reviewed included professional services such as consulting, construction, and goods with a service component for parks maintenance and concessions.

Future Contracted Services

At this time, the current operating models for Concessions and Golf would exclude those operations from Living Wage requirements; however, any approved Living Wage requirements would apply to subsequent reviews and/or decisions on any operational changes or contract renewals.

As the City also provides services to the Park Board, any impacts to its contracted services would also impact the Park Board. Based on the information available to the City, staff have identified only four of the 120 contracts with the City under which the contactors' employees are compensated below the 2016 Living Wage rate. Three of these contracts affect the Park Board. These contracts are for the provision of janitorial services, security services, and graffiti removal services. These contracts expire within the next two to three years, at which time their renewal would include Living Wage provisions. For these contracts, it is estimated that the cost of compliance with the Living Wage requirements would represent an additional \$590,000 per year to the City, including approximately \$147,000 to the Park Board. This impact assessment is based on the current contract rates for these services relative to the 2016 Living Wage rate; the actual cost will reflect market factors at the time of procurement.

NEXT STEPS

City staff are planning to submit a Living Wage Implementation Plan to the *Living Wage for Families Campaign* on March 7, 2017. After the review process, and upon being successful in achieving Living Wage Employer status, staff will begin roll-out of Living Wage requirements for new contracts and bid documents. The City is not required to renegotiate existing contracts in order to be compliant, but would inform current vendors of the intent to implement the Living Wage requirements at contract renewal. If approved and certified, the Park Board would also follow these procurement processes.

Staff recommend that the Board endorse the City of Vancouver Living Wage certification requirements in relation to contracted services procured on behalf of the Park Board.

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