

[Administrative Code - Increasing the Minimum Compensation Hourly Rate for Employees Under Contracts with Nonprofit Corporations and Public Entities]

Ordinance amending the Administrative Code to increase, on July 1, 2019, the minimum hourly compensation rate for employees of City contractors other than nonprofit corporations or public entities to \$15.86 per hour on July 1, 2017, \$16.86 per hour on July 1, 2018, under contracts with Nonprofit Corporations to \$16.00 plus an amount corresponding to the prior year's increase, if any, in the Consumer Price Index, and followed thereafter by annual cost-of-living increases; to increase the minimum hourly compensation rate for employees under contracts with public entities to \$17.00 on the 60th day following enactment of this ordinance and followed thereafter by annual cost-of-living increases; and establishing a working group to consider and advise on issues related to wage increases for employees under contracts with Nonprofit Corporations and public entities, and to require that City contractors pay the minimum hourly compensation rate to employees who perform any work funded under an applicable contract with the City.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font. **Additions to Codes** are in *single-underlined italics Times New Roman font*. **Deletions to Codes** are in *strikethrough italics Times New Roman font*. **Board amendment additions** are in double-underlined Arial font. **Board amendment deletions** are in *strikethrough Arial font*. **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Administrative Code is hereby amended by revising Section 12P.3 to read as follows:

**SEC. 12P.3. MINIMUM COMPENSATION COMPONENTS.**

(a) Minimum Compensation shall consist of the following:

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(B) (i) For Contracts and Contract Amendments with Nonprofit

~~Corporations and public entities, hourly gross compensation shall be, as of July 1, 2019.~~

\$16.00 plus an amount corresponding to the prior year's increase, if any, in the Consumer

Price Index. Annually thereafter, on July 1, in order to prevent inflation from eroding the value

of this rate, the hourly gross compensation in effect for the prior calendar year shall increase

by an amount corresponding to the prior year's increase, if any, in the Consumer Price Index

November 3, 2018 or the effective date of the ordinance in Board File No. 170297, whichever is later.

is later, the Minimum Wage, as set forth in Administrative Code Section 12R.4, as may be

amended from time to time.

(C) For Contracts and Contract Amendments with public entities, hourly

gross compensation shall be, on the 60th day after enactment of the ordinance in Board of

Supervisors File No. 170538, \$17.00. In order to prevent inflation from eroding the value of

this rate, on July 1, 2019, the hourly gross compensation rate shall increase by an amount

corresponding to the prior year's increase, if any, in the Consumer Price Index. Annually

thereafter on July 1, the hourly gross compensation in effect for the prior calendar year shall

Increase by an amount corresponding to the prior year's increase, if any, in the Consumer

## Price Index.

(C) For Contracts and Contract Amendments covered by Section 12P

of this Chapter 12P, hourly gross compensation shall be, as of November 3, 2018 or the

effective date of the ordinance in Board File No. 170297, whichever is later, \$17.00. (IV) In

order to prevent inflation from eroding the value of this rate, on July 1, 2019, the hourly gross

1 any, in the Consumer Price Index. Annually thereafter on July 1, the hourly gross  
2 compensation in effect for the prior calendar year shall increase by an amount corresponding  
3 to the any prior year's increase, if any, in the Consumer Price Index.

4 (2) Compensated time off (at the compensation rates specified in subsection  
5 (a)(1) of this Section 12P.3) in an hourly amount that, on an annualized basis for a full-time  
6 employee, equals twelve days per year. Such time off shall vest with the Covered Employee  
7 at the end of the applicable Pay Period and may be used, for sick leave, vacation or personal  
8 necessity. Notwithstanding the foregoing, if a Contractor reasonably determines, in good faith,  
9 that the Contractor cannot comply with this requirement for compensated time off, the  
10 Contractor shall provide the Covered Employee with a cash equivalent of such compensated  
11 time off.

12 (3) Uncompensated time off in an hourly amount that, on an annualized basis  
13 for a full-time employee, equals ten days per year. Such time off shall vest with the Covered  
14 Employee at the end of the applicable Pay Period and may be used, at the option of the  
15 Covered Employee, for sick leave for the illness of the Covered Employee or such Covered  
16 Employee's spouse, domestic partner, child, parent, sibling, grandparent or grandchild.

17 (b) By March 1 of each year, the Agency shall make available at its office and on its  
18 website the hourly rates required by this Section 12P.3.

19 (c) When preparing proposed budgets and requests for supplemental appropriations  
20 for contract services, City departments that regularly enter into agreements for the provision of  
21 services by Nonprofit Corporations shall transmit with their proposal a written confirmation that  
22 the department has considered in its calculations the costs that the Nonprofit Corporations  
23 calculate that they will incur in complying with the Minimum Compensation Ordinance.

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(d) Subject to the budgetary and fiscal provisions of the Charter, it shall be the policy of the City to ensure sufficient funding to prevent a reduction in the services to the community provided by Nonprofit Corporations and public entities.

(e) The Controller shall convene a Working Group to consider and advise the Board of Supervisors and the Mayor.

(1) The Working Group shall consider and advise on methods to address anticipated issues that would result from an increase in the hourly compensation rate for employees under contracts with Nonprofit Corporations, including but not limited to:

(A) Wage equity: the inequity that occurs when workers funded by a City contract receive a higher wage than other workers who are performing the same work but are funded by non-City contracts; and

(B) Wage compaction: the inequity that occurs when the difference between wage levels is reduced because one worker funded by a City contract receives an increased wage while other workers do not.

(2) The Working Group shall be subject to the following requirements:

(A) Members. The Working Group shall be comprised of the following members:

(i) The Controller of the City and County of San Francisco, or the Controller's designee ("Controller"):

(ii) One representative from the Human Services Agency,

(iii) One representative from the Department of Public Health

designated by the Director of Health:

(iv) Three workers who are employees of different Nonprofit Corporations that are subject to the Minimum Compensation Ordinance, designated by the Controller:

(v) One staff representative from the San Francisco Labor Council, designated by the Controller;

(vi) One staff representative from the Service Employees International Union 1021, designated by the Controller;

(vii) Two executives (chief executive officer, chief operating officer, chief finance officer, or other member of the management team) of different Nonprofit Corporations that are subject to the Minimum Compensation Ordinance, designated by the Controller.

(B) Meetings. The Working Group shall meet as necessary between the effective date of the ordinance in Board of Supervisors File No. 170538, creating this subsection (e), and April 1, 2019. The Working Group may begin meeting once six members have been designated.

(C) Report. The Working Group shall prepare a report on matters within the scope of subsection (e)(1) for submission to the Board of Supervisors and the Mayor no later than April 1, 2019.

(3) Expiration. This subsection (e), and hence the Working Group, shall expire by operation of law on May 1, 2019. After that date, the City Attorney shall cause this subsection (e) to be removed from the Administrative Code.

Section 2. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the

1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
2 of Supervisors overrides the Mayor's veto of the ordinance.

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4       Section 3. Scope of Ordinance.

5       (a) In enacting this ordinance, the Board of Supervisors intends to amend only those  
6 words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks,  
7 charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly  
8 shown in this ordinance as additions, deletions, Board amendment additions, and Board  
9 amendment deletions in accordance with the "Note" that appears under the official title of the  
10 ordinance.

11       (b) For purposes of subsection (a), this ordinance treats as existing code text, within  
12 the meaning of the "Note" that appears under the official title of the ordinance, the  
13 amendments of the Administrative Code in Ordinance No. 232-18 (Board File No. 170297),  
14 passed by the Board of Supervisors on October 2, 2018, and signed by the Mayor on October  
15 12, 2018.

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17       Section 4. Severability. If any section, subsection, sentence, clause, phrase, or word  
18 of this ~~Chapter 12P~~ ordinance, or any application thereof to any person or circumstance, is  
19 held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such  
20 decision shall not affect the validity of the remaining portions or applications of the Article. The  
21 Board of Supervisors hereby declares that it would have passed this Article and each and  
22 every section, subsection, sentence, clause, phrase, and word not declared invalid or

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1 unconstitutional without regard to whether any other portion of this Article or application  
2 thereof would be subsequently declared invalid or unconstitutional.

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4 APPROVED AS TO FORM:  
5 DENNIS J. HERRERA, City Attorney

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7 By: LEILA K. MONGAN  
8 Deputy City Attorney

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