




# City of Gainesville

Office of the City  
Manager

## City Manager Memorandum No. 200011

To: The Honorable Mayor and City Commissioners  
From: Lee R. Feldman, ICMA-CM, City Manager   
Date: February 20, 2020  
Re: Estimated Financial Impact of Living Wage for Contractors on General Government

As requested by the City Commission at the General Policy Committee meeting of January 23, 2020, staff has prepared cost estimates of the impact of the adoption of a Living Wage ordinance on the operations of General Government.

Staff has analyzed vendor data by employee category, the annual spend for each category and the average hourly wage in the City of Gainesville or Alachua County as provided by the Bureau of Labor Statistics (BLS). Multiple vendors were contacted by staff to confirm various wage assumptions but very few vendors were willing to share specific wage data. Staff confirmed with University of Florida researchers who focus on this type of data analysis that using the BLS data is accurate and reliable for this type of calculation. This analysis assumes a living wage of \$13.75 per hour and an increment of \$2.10 per hour for vendor employees who do not have health insurance. Additionally, levels of services being provided to the city are assumed to be consistent with the actual experience in FY19.

The analysis yielded the following results. If the City adopts a Living Wage ordinance for all vendors hired to provide goods or services to the City, regardless of the size of purchase, the increased cost to general government operations in FY21 is estimated between \$520,000 and \$1.1 million. The \$520,000 reflects the increased cost of applying the living wage on City jobs where benefits are provided by the vendors. The \$1.1 million estimate assumes an additional \$2.10 per hour if the vendors are not providing benefits. Since we can assume that some, but not all, employees will have benefits provided by their employers, the impact will fall within this range rather than at the base \$520,000 or full \$1.1 million. Moving into fiscal years 22 and 23, we estimate an additional \$125,000 - \$130,000 per year on top of the FY2021 impacts. The attached charts provide further detail of the analysis.

If the City Commission adopts a Living Wage ordinance, staff would propose to include a reserve of \$750,000 in the FY21 budget to provide sufficient funding for operations which may be affected by the ordinance.

This information relates to general government operations only.

Attachments: Living Wage for Contractors Cost Estimates

cc: Assistant City Managers  
Charter Officers  
Diane Wilson, Interim Finance Director  
Doug Drymon, Procurement Manager

LIVING WAGE FOR CONTRACTORS APPLIED TO ALL SERVICES BEGINNING IN FY2020

<b>Temp Services</b>	<b>Invoice With Benefits</b>	<b>Invoice Without Benefits</b>
FY2019 ACTUAL SPEND	\$ 1,608,155.56	\$ 1,608,155.56
FY2021 FORECAST SPEND	\$ 1,882,935.76	\$ 2,101,052.46
FY2022 FORECAST SPEND	\$ 1,933,254.63	\$ 2,161,341.38
FY2023 FORECAST SPEND	\$ 1,984,640.10	\$ 2,224,665.03
<b>All Other Services Total Increase Cost of Labor over 3 years</b>		

<b>Increased Cost of Labor With Benefits</b>	<b>Increased Cost of Labor Without Benefits</b>
\$ 274,780.20	\$ 492,896.90
\$ 50,318.87	\$ 60,288.92
\$ 51,000.81	\$ 63,323.65
\$ 376,099.88	\$ 616,509.47

<b>All Other Services</b>	<b>Invoice With Benefits</b>	<b>Invoice Without Benefits</b>
FY2019 ACTUAL SPEND	\$ 2,802,243.22	\$ 2,802,243.22
FY2021 FORECAST SPEND	\$ 20,704,085.03	\$ 21,045,367.76
FY2022 FORECAST SPEND	\$ 20,779,431.44	\$ 20,771,563.74
FY2023 FORECAST SPEND	\$ 20,853,137.48	\$ 20,845,931.79
<b>All Other Services Increase Cost of Labor over 3 years</b>		

<b>Increased Cost of Labor With Benefits</b>	<b>Increased Cost of Labor Without Benefits</b>
\$ 246,798.96	\$ 588,081.69
\$ 75,346.40	\$ 67,478.70
\$ 73,706.05	\$ 66,500.35
\$ 395,851.41	\$ 722,060.74

<b>ALL SERVICES (Temp Services &amp; All Other Services)</b>	<b>Invoice With Benefits</b>	<b>Invoice Without Benefits</b>
FY2019 ACTUAL SPEND	\$ 4,410,398.78	\$ 4,410,398.78
FY2021 FORECAST SPEND	\$ 22,587,020.79	\$ 23,146,420.22
FY2022 FORECAST SPEND	\$ 22,712,686.07	\$ 22,932,905.12
FY2023 FORECAST SPEND	\$ 22,837,777.58	\$ 23,070,596.82
<b>Total Increase Cost of Labor over 3 years</b>		

<b>Increased Cost of Labor With Benefits</b>	<b>Increased Cost of Labor Without Benefits</b>
\$ 521,579.16	\$ 1,080,978.59
\$ 125,665.27	\$ 127,767.62
\$ 124,706.86	\$ 129,824.00
\$ 771,951.29	\$ 1,338,570.21

All spend is calculated on the assumption that the City will use the same amount and type of services in 2021 as it did in 2019. FY19 spend is based on current policy of requiring living wage on contracts over \$100,000



Street Sweeping Services		\$ 15.46	\$ 15.85	\$ 0.39	2.52%	20.00%	\$ 51,994.97	\$ 51,994.97	\$ 10,398.99	\$ 262.33	\$ 52,257.30	
Surveying and Mapping Technicians	100	\$ 15.70	\$ 15.85	\$ 0.15	0.96%	40.00%	\$ 70,130.00	\$ 70,130.00	\$ 28,052.00	\$ 268.01	\$ 70,398.01	
Operating Engineers and Other Construction Equipment Operators		\$ 15.77	\$ 15.85	\$ 0.08	0.51%	14.00%	\$ 101,222.63	\$ 101,222.63	\$ 14,171.17	\$ 71.89	\$ 101,294.52	
Painting, Maintenance and Repair		\$ 16.58				40.00%	\$ 41,987.35	\$ 41,987.35	\$ -	\$ -	\$ 41,987.35	
							\$ 2,802,243.22	\$ 17,655,042.85	\$ 20,457,286.07	\$ 2,045,822.54	\$ 588,081.69	\$ 21,045,367.76



	PayScale	Armored Car Services	\$	13.84	\$	15.85	\$	16.35	\$	0.50	3.15%	35.00%	\$	37,675.00	\$	13,186.25	\$	415.97	\$	38,090.97
	PayScale	Tailor	\$	14.00	\$	15.85	\$	16.35	\$	0.50	3.15%	26.50%	\$	3,004.36	\$	796.16	\$	25.12	\$	3,029.48
49-9094		Locksmiths and Safe Repairers	\$	14.43	\$	15.85	\$	16.35	\$	0.50	3.15%	40.00%	\$	8,121.52	\$	3,248.61	\$	102.48	\$	8,224.00
	PayScale	General Construction Laborers, Sandblast	\$	14.85	\$	15.85	\$	16.35	\$	0.50	3.15%	14.00%	\$	47,250.00	\$	6,615.00	\$	208.68	\$	47,458.68
	PayScale	Fire Extinguisher Maintenance/Repair/Service	\$	15.26	\$	15.85	\$	16.35	\$	0.50	3.15%	26.50%	\$	17,219.05	\$	4,563.05	\$	143.94	\$	17,362.99
	PayScale	Street Sweeping Services	\$	15.46	\$	15.85	\$	16.35	\$	0.50	3.15%	20.00%	\$	51,994.97	\$	10,398.99	\$	328.04	\$	52,323.01
17-3031		Surveying and Mapping Technicians	\$	15.70	\$	15.85	\$	16.35	\$	0.50	3.15%	40.00%	\$	70,130.00	\$	28,052.00	\$	884.92	\$	71,014.92
47-2073		Operating Engineers and Other Construction Equipment Operate	\$	15.77	\$	15.85	\$	16.35	\$	0.50	3.15%	14.00%	\$	101,222.63	\$	14,171.17	\$	447.04	\$	101,669.67
47-2141		Painting, Maintenance and Repair	\$	16.58								40.00%	\$	41,987.35	\$	16,794.94			\$	41,987.35
													\$	20,704,085.03	\$	2,155,869.85	\$	67,478.70	\$	20,771,563.74

