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November 8, 2016

Board of Supervisors
County of Marin
San Rafael, CA 94903

Re: Merit Hearing Regarding Ordinance to Amend Marin County Code Section 2.50.050 – "Living Wage Rate," and Section 2.50.200 – "Effective Date," to allow automatic increases in the Living Wage Rate up to a rate of $15.00 per hour

RECOMMENDATION

1. Conduct a Public Hearing of the proposed Ordinance (attached)
2. Amend Marin County Code Section 2.50.050 – "Living Wage Rate," and Section 2.50.200 – "Effective Date," to allow automatic increases in the Living Wage Rate up to a rate of $15.00 per hour

SUMMARY

On, November 1, 2016, your Board held a first reading of a proposed ordinance to allow automatic increases in the Living Wage Rate up to a rate of $15.00 per hour, after which the local In-Home Supportive Services (IHSS) program can merge with the statewide IHSS program so that State funding can be used to help pay for IHSS provider wage increases above $15 per hour. Subsequent adjustments would be consistent with State changes, or require amendments to the LWO. This followed a recommendation in the Living Wage Ordinance (LWO) Annual Report for FY 2015-16, accepted by your Board October 18.

Staff returns to your Board at this time, after the first reading held on November 1, with a second reading of an ordinance to amend the existing LWO to include added language stating that CPI adjustments shall be increased up to a wage rate of $15.00 per hour. The full proposed amendments, including several "clean up" changes, are reflected in "track-changes" format in the attached Ordinance; all other wording reflects the current LWO.

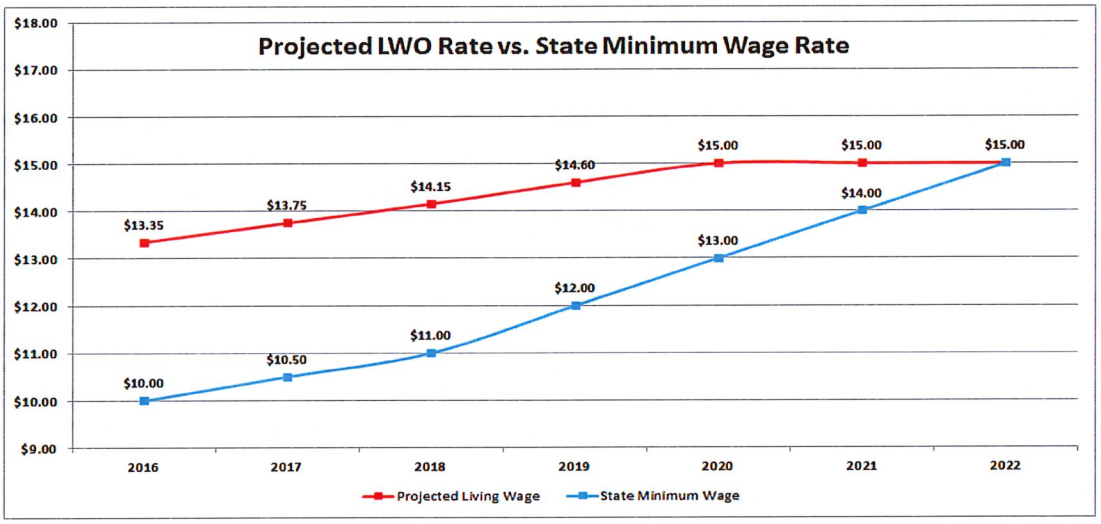
In-Home Supportive Services (IHSS) Funding and the LWO

Our report to your Board on October 18 included an update regarding the fiscal impact of IHSS wage increases going forward given the State's new legislated path to a $15 per hour State minimum wage by 2022 (per SB 3, signed into law in April). Even though the State has now committed to future increases in the State minimum wage through 2022, the State recently took the position that it will not pay for any wage or benefit increases for IHSS providers that are adopted ahead of its legislative schedule consistent with SB 3.

Based upon the State's reimbursement policy, staff recommended to your Board that we proceed with a CPI adjustment for 2017, but also amend the LWO to allow automatic annual CPI adjustments to the Living Wage rate up to $15 per hour, after which subsequent adjustments would be consistent with State changes or require amendments to the LWO.

This policy change will allow for an increase to wages for IHSS providers consistent with change to the CPI, as the LWO is currently written, up to $15.00 per hour until

the State minimum wage can "catch up" with local provider wages. This action to remain ahead of the State schedule will cost approximately $17 million over the next 15 years. Wage increases above $15 per hour would then be funded by the State going forward, consistent with other counties. The chart below illustrates the projected path of the recommended LWO action relative to the State minimum wage:



Amendments to Section 2.50.050 of the Living Wage Ordinance:
We return to your Board at this time with a second reading of an ordinance to amend Section 2.50.050 "Living Wage Rate" to include revisions to allow automatic CPI increases up to $15 per hour. An amendment is also recommended to Section 2.50.200 "Effective Date" to clarify application of these changes effective January 1, 2017.

RECOMMENDATION
It is recommended that your Board conduct the Merit Hearing to amend Marin County Code Section 2.50.050 – "Living Wage Rate," and Section 2.50.200 – "Effective Date". Revisions to the Ordinance would take effect January 1, 2017.

Please let us know if you have any questions or concerns.

Sincerely,

Talia Smith
Management and Budget Analyst

Reviewed by,

Daniel Eilerman
Assistant County Administrator