



# Current Wage Provisions for City Contracts



City Council Briefing February 20, 2008

# Purpose

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- Present Council with an overview of current practices utilized by the City on labor related contracts
- Provide fiscal impact of mandating wage minimums on City contracts that we currently allow the market to determine
  - Using Sanitation Temporary Labor (contract) results from the recent contract bid in November 2007 which utilized a two-tiered system

# Background

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- In Aug. '07 and Jan. '08 Councilmembers discussed the potential of incorporating a wage minimum provision on contracts
- The City Manager committed to bring the full issue to Council for discussion

# Background (cont'd)

- Federal Minimum Wage – History

\$5.15	Prior to July 24th, 2007
\$5.85	July 24th, 2007
\$6.55	July 24th, 2008
\$7.25	July 24th, 2009

- These three changes will increase the federal minimum wage by 41%

# Types of Contracts

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- There are four primary types of labor related contracts
  1. Janitorial Services
  2. Temporary Labor
  3. Security Services
  4. Construction Projects

# 1 - Janitorial Services

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On some janitorial contracts, we include a minimum wage stipulation

- Higher wages are utilized in locations where an improvement in service level were needed or where specialization is required (i.e.: City Hall, Meyerson, Convention Center)

## 2 - Temporary Labor

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On some temporary labor contracts, we require a minimum wage stipulation where we believe doing so may result in a required higher level of trained staff, and a required higher level of service delivery

- Higher wage was used in locations that have specialized needs (i.e.: Set-up for Convention Center, Personnel Service)

# 3 - Security Services

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On all security services contracts, we include a minimum wage stipulation on all City contracts due to the significant responsibility, required judgment, potential for citizen interaction and training requirements necessary to perform these functions

- We use contract security services at Fair Park, Libraries, Convention Center, Water facilities and Oak Cliff Municipal Center, etc.



## 4 - Construction Projects

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- Texas statutes require any public body awarding any contract for public works to ascertain the general prevailing wage rates which were last adopted by Council on August 11, 2004
- Federal law (Davis-Bacon Act) requires the same on all federally funded projects
- City has NO option for construction related contracts

# Fiscal Impact

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- Recent Sanitation Temporary Labor bid included a two-tier bid option
  - 1 – Three year cost based on market wages - \$9,874,183
  - 2 - Alternate bid based on paying minimum of \$8.16 per hour - \$11,391,081
    - \$8.16 per hour City's lowest part-time rate
- Results stipulating \$8.16 per hour minimum caused a 15.36% increase in price
  - \$1,516,898 difference over the term of the agreement
- Council authorized bid based on market wages

# Fiscal Impact (cont'd)

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- If we wanted to establish a consistent policy and include minimum wage to all contracts
- Applying the 15.36% differential represented by the recent Sanitation temporary labor bid to all contracts that do not currently require wages over the federal minimum wage would cost the City approximately \$683,465 annually (appendix)
- Additional cost could be recovered as follows:
  - Sanitation fee increase of \$0.17 per month
    - Increase from \$19.53 to \$19.70
    - Largest labor contract – Sanitation Temporary Labor
  - Increasing the tax rate by .02 cents for all other General Fund contracts

# Fiscal Impact (cont'd)

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- If we wanted to establish a consistent policy and remove all wage minimums on all contracts, applying a 5% savings, indicates a potential cost reduction of \$1,053,672 annually (appendix)
  - Reducing the tax rate by .13 cents
- Difficult to estimate the impact of removing current contract minimum wage requirements

# Summary – Current Contracts

	<b>Janitorial Services</b>	<b>Temporary Labor</b>	<b>Security Services</b>	<b>Construction Projects</b>
<b>Allow market to determine wage</b>	X	X		
<b>Specify wage minimums</b>	X	X	X	
<b>Prevailing wage - Texas Statues</b>				X
<b>Prevailing wage – Federal Davis-Bacon Act</b>				X

# Historical Rationale

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- Labor contracts that require citizen interaction and/or a higher level of experience, a wage minimum is specified to ensure a higher quality of service
- Conversely, the City allows the market to determine wages contractors pay their employees when a higher wage will not necessitate a higher quality of service

# Employment Opportunities

- City funds currently support three tiers of employment

Outside Vendor (Temp. Contracts)	City of Dallas – Permanent Part-time Employee	City of Dallas – Full Time Employee
Pay at least the Federal Min Wage - \$5.85	\$8.16 hr	\$10.20 hr + plus benefits

- Additionally, the City has many employment opportunities for interested parties who seek part-time or full-time employment
- Full-time positions offer benefits not available in most part-time and contract labor positions

# Research

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- BDPS contacted 54 agencies requesting information on their current contract practices relating specifically to hourly rate contracts
- Received 11 responses to our survey
  - Miami, FL
  - Duncanville
  - Garland
  - Lancaster
  - Arlington
  - Birmingham
  - San Antonio
  - Killeen
  - DISD
  - DFW Airport
  - El Paso



# Research (cont'd)

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- Of the 11 entities that responded, 4 specify rates above the federal minimum wage for some labor contracts
  - Miami
    - All contracts
  - San Antonio
    - Only on security guard services
  - DFW Airport
    - Used on some janitorial contracts
  - Birmingham, Alabama
    - All contracts
- The remaining 7 entities
  - Did not specify a minimum wage for labor-related contracts
  - Simply allowed the market and specifications to determine the wages the contractor's pay their employees

# Conclusion

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- We currently use multiple approaches on City contracts
- If we desire a consistent approach on City contracts, the City has two options:
  1. Include a \$8.16 minimum on all labor contracts which could increase costs by \$683,465 per year
  2. Remove all wage requirements and allow the market to establish the wages paid to contractor employees which could reduce costs by \$1,053,672 per year
- City has NO option to remove wage minimum requirements for construction related contracts due to state and federal statutes
- Seeking Council input and direction related to future City service related contracts

# Appendix - Current Contracts Only Requiring Min. Wage

Commodity	Term	Total Award	Annual	Annual Variance (15.36%)	Annual Total w/variance
Janitorial DFD Training Facility	60 months	\$152,085	\$30,417	\$ 4,672	\$35,089
Janitorial - WIC	36 months	\$269,964	\$89,988	\$13,822	\$103,810
Janitorial - Park & Recreation	36 months	\$393,120	\$131,040	\$20,128	\$151,168
Temporary City Labor	36 months	\$2,720,409	\$906,803	\$139,285	\$1,046,088
Temporary Labor, Sanitation	36 months	\$9,874,183	\$3,291,394	\$505,558	\$3,796,953
		<b>\$13,409,761</b>	<b>\$4,449,642</b>	<b><u>\$683,465</u></b>	<b>\$5,133,108</b>

# Appendix - Current Contracts Requiring Wages above Min. Wage

Commodity	Term	Total Award	Annual	Savings From Removing Min. Wage (5%)	Annual Total w/variance
Janitorial City Hall & Districts	60 months	\$11,043,637	\$2,208,727	\$110,436	\$2,098,291
Janitorial – Jack Evans Facility	60 months	\$2,756,389	\$551,278	\$27,564	\$523,714
Janitorial – Jack Evans Garage	60 months	\$181,000	\$36,200	\$1,810	\$34,390
Janitorial - OCMC	60 months	\$1,162,776	\$232,555	\$11,628	\$220,927
Janitorial – Municipal Court	60 months	\$1,747,326	\$349,465	\$17,473	\$331,992
Janitorial – Central Service Center	60 months	\$1,548,470	\$309,694	\$15,485	\$294,209
Janitorial – Convention Center	36 months	\$13,731,475	\$4,577,158	\$228,858	\$4,348,300
Janitorial – Meyerson, LLS, WRR	36 months	\$2,475,682	\$825,227	\$41,261	\$783,966
Security Guard, Citywide	48 months	\$17,281,243	\$4,320,311	\$216,016	\$4,104,295
Security Guard, Fair Park	48 months	\$1,668,150	\$417,038	\$20,852	\$396,186
Security Guard, libraries	48 months	\$2,792,850	\$698,213	\$34,911	\$663,302
Security Guard, DWU	24 months	\$4,018,335	\$2,009,168	\$100,458	\$1,908,709
Security Guard, Convention Center	48 months	\$9,879,563	\$2,469,891	\$123,495	\$2,346,396
Labor, set-up for CCT	36 months	\$2,224,185	\$741,395	\$37,070	\$704,325
Temporary Clerical Services	36 months	\$3,981,390	\$1,327,130	\$66,357	\$1,260,774
<b>TOTAL</b>		\$76,492,471	\$21,073,449	\$1,053,672	\$20,019,777

Commodity	Term	Vendor	Amount	Bid #	Expires	Billable Rate	Specification Requirement
Janitorial - City Hall & Districts	60 months	CTJ Maintenance	\$7,344,162	BE0602	04/30/11	\$122,403 per month	CITY HALL & DISTRICTS
"		Andrew's Building Maintenance	\$3,699,475	"	"	\$61,658 per month	Project Manager - N/A
"							Supervisor - \$8.25
"							Lead worker - \$8.00
"							Carpet worker - \$7.75
"							Floor worker - \$7.75
"							Cleaner - \$6.50
"							Since the required wage is above what is currently known as the "Federal Minimum Wage," the vendor will not be compensated for any increases in the "Federal Minimum Wage" which falls below the wage shown.
"							GROUPS 1-4, Group 7
"							Notwithstanding any other provision of this order, the Contractor hereby covenants and agrees that the Contractor shall pay to each of their employees engaged in any way in work, an hourly wage that is in compliance with what is currently known as the "Federal Minimum Wage."
"							GROUP 5 & 6
"							Supervisor \$7.65
"							Lead worker \$7.15
"							Floor worker \$6.65
"							Custodian \$6.15
"							Since these required wages are above what is currently known as the "Federal Minimum Wage," the vendor will not be compensated for any increases in the "Federal Minimum Wage" which falls below the wages shown.
Janitorial - Jack Evans	60 months	Oriental Building Svc	\$2,756,389	BE0204	03/31/08	\$45,940 per month	\$7.65 Supervisor
"							\$7.15 Lead Worker
"							\$6.65 Floor Worker
"							\$6.15 Cleaner
"							\$7.15 Garage Maint. Lead Worker
"							\$6.65 Garage Maint. Worker
"							If the federal minimum wage increases beyond the "Mandated Minimum Wage Rate" during the life of the contract, the Contractor will be allowed to pass the exact increase in cost to the City, subject to approval of any change order that may be required to fund a cost increase.
Janitorial - Jack Evans	60 months	Oriental Building Svc	\$181,000	BL0725	03/31/08	\$3,017 per month	\$7.25 Garage Maint. Worker
"							\$7.25 Cleaner
"							If the federal minimum wage increases beyond the "Mandated Minimum Wage Rate" during the term of the contract, the Contractor will be allowed to pass the exact increase in cost to the City, subject to approval of any change order that may be required to fund a cost increase.

Commodity	Term	Vendor	Amount	Bid #	Expires	Billable Rate	Specification Requirement
Janitorial - OCMC	60 months	Oriental Building Svc	\$1,162,776	BE0502	03/01/10	\$19,380 per month	\$7.65 Supervisor
"							\$7.15 Lead Worker
"							\$6.65 Carpet worker
"							\$6.65 Floor worker
"							\$6.15 Custodian
"							If the federal minimum wage increases beyond the "Mandated Minimum Wage Rate" during the life of the contract, the Contractor will be allowed to pass the exact increase in cost to the City, subject to approval of any change order that may be required to fund a cost increase.
Janitorial - Municipal Court	60 months	Oriental Building Svc	\$1,747,326	BE0302	07/31/08	\$29,122 per month	\$7.65 Supervisor
"							\$7.15 Lead Worker
"							\$6.65 Floor Worker
"							\$6.15 Cleaner
"							If the federal minimum wage increases beyond the "Mandated Minimum Wage Rate" during the life of the contract, the Contractor will be allowed to pass the exact increase in cost to the City, subject to approval of any change order that may be required to fund a cost increase.
Janitorial - Central Svc Center	60 month	Andrew's Building Svc	\$1,548,470	BE0508	01/31/11	\$25,808 per month	\$7.65 Supervisor
"							\$6.65 Floorworker (carpet & hard surface)
"							\$6.15 Cleaner
"							If the federal minimum wage increases beyond the "Mandated Minimum Wage Rate" during the life of the contract, the Contractor will be allowed to pass the exact increase in cost to the City, subject to approval of any change order that may be required to fund a cost increase.
Janitorial - Convention Center	36 months	Andrew's Building Svc	\$13,731,475	BL0719	02/28/11	\$8.93	\$1.50 minimum wage Cleaning/special project/setup
"						\$12.41	\$2.50 above minimum wage Supervisory personnel
"						\$13.49	\$3.50 above minimum wage Reunion Arena supervisors
"						\$18.15	\$3.50 above minimum wage Shift supervisors
Janitorial - Meyerson, LLC, Wf	36 months	TIBH Industries	\$2,475,682	BE0401	12/07/11	\$68,768 per month	\$15.00 1st, 2nd yr; \$15.25 3rd yr Project Manager
"							\$9.75 1st, 2nd yr; \$10.00 3rd yr Supervisors
"							\$8.25 1st, 2nd yr; \$8.50 3rd yr Floor Worker
"							\$7.00 1st, 2nd yr; \$7.25 3rd yr Daily Cleaners
"							If the federal minimum wage increases beyond the "Mandated Minimum Wage Rate" during the life of the contract, the Contractor will be allowed to pass the exact increase in cost to the City, subject to approval of any change order that may be required to fund a cost increase.

Commodity	Term	Vendor	Amount	Bid #	Expires	Billable Rate	Specification Requirement
Security Guards, Citywide	48 month	Allied Barton Security Service	\$17,281,243	BB0610	9/28/2010		\$9.25/hr Unarmed Guards
"							\$11.25/hr Armed Guards
"							MYERSON ONLY:
"							\$11.82/hr armed guards
"							\$12.38/hr armed Shift <b>Supervisor</b>
"							\$14.63/hr. armed Site <b>Managers</b>
Security Guards, Fair Park	48 month	Ameritex Guard Services	\$1,668,150	BB0522	12/21/09		\$9.00/hr Unarmed Guards
"							\$11.00/hr Armed Guards
"							\$14.00/hr Unarmed <b>Supervisor</b>
"							\$17.00/hr Armed <b>Supervisor</b>
Security Guards, Libraries	48 month	Ruiz Protective Services	\$2,792,850	BJ0516	08/07/09		\$9.00/hr Unarmed Guards
"							\$11.00/hr Armed Guards
"							\$14.00/hr Unarmed <b>Supervisor</b>
"							\$17.00/hr Armed <b>Supervisor</b>
Security Guards, DWU	24 month	Ruiz Protective Services	\$4,018,335	BB0618	10/01/08		\$12.00/hr Armed Guards-mobile
"							\$18.00/hr Armed <b>Supervisor</b> -mobile
Security Guards, Convention Center	48 month	Allied Barton Security Service	\$9,879,563	BJ0342	02/29/08		\$9.00/hr Unarmed Guards
"							\$11.00/hr Armed Guards
"							\$14.00/hr Unarmed <b>Supervisor</b>
"							\$17.00/hr Armed <b>Supervisor</b>
Labor, set-up labor for CCT	36 month	Tolman Building Maint.	\$2,224,185	BJ0624	10/24/09	\$10.99 per hour	\$3.00 above minimum wage, Shift Supervisor
"						\$8.99 per hour	\$2.00 above minimum wage, Regular Employees
"							If the Federal Hourly Minimum Wage Rate increases during the course of the contract, awarded vendor will be allowed to adjust his hourly billable rates by the same dollar amount as the mandated federal increase.
Temporary Personnel Services	36month	Eurostaff	\$3,981,390	BJ0615	10/31/09	01/11/00	\$9.50 Office Assistant I
"						01/14/00	\$12.00 Office Assistant II
"						01/11/00	\$9.50 Cashier
"						01/22/00	\$19.00 Executive Assistant
Janitorial DFD Training Facility	60 months	Allstar Cleaning USA	\$152,085	BL0707	10/01/12	\$2,535 per month	Contractor agrees to pay not less than the minimum wage rates established by law.
Janitorial - WIC	36 month	Service Master Bldg Svc	\$269,964	BL0701	02/28/11	\$7,499 per month	Contractors agree to pay not less that the minimum wage rates established by law.

Commodity	Term	Vendor	Amount	Bid #	Expires	Billable Rate	Specification Requirement
Janitorial - Park & Recreation	36 Month	All Star Cleaning USA	\$393,120	BL0721	Pending	\$9.75 per hr 1sts yr	Contractors agree to pay not less that the minimum wage rates established by law.
						\$10.50 per hr 2nd yr	
						\$11.25 per hr 3rd yr	
Temporary City Labor	36month	Tolman Building Maint.	\$2,720,409	BJ0628	04/09/10	\$7.62 per hour	Contractors agree to pay not less that the minimum wage rates established by law.
Temporary Labor, Sanitation	24month	CTJ Maint.	\$8,795,266	BE0718A	12/31/10	\$7.59 per hour	Contractors agree to pay not less that the minimum wage rates established by law.
IT Professional Labor	36 months	Ciber Inc.	\$6,822,000	BJ0611	02/28/10	\$71.00	Application Architect/Developer \$35.00 per hour
						\$68.00	Data Architect/DBA \$32.00 per hour
						\$72.00	Infrastructure Architect/ Engineer \$38.00 per hour
						\$75.00	program/Project Manager \$40.00 per hour
Language Interpretation	24 months	Accento	\$50,000	BW0801	02/15/10	\$50 to \$70	No minimun specified in
							depending on language