



# REPORT TO COUNCIL

To: **Mayor and Councillors**

Subject: Living Wage Policies

File #: 0110.00

Doc #: 176547

From: Francis Cheung, P. Eng.  
Chief Administrative Officer

Date: March 29, 2021

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## RECOMMENDATION:

1. THAT City Council adopt Policy CO – 75, Living Wage Policy for City Employees and Contract Instructors.
2. THAT City Council adopt Policy CO – 76, Living Wage Policy for Service Providers and Sub-Contractors.
3. THAT the effective date for the implementation of CO – 75, Living Wage Policy for Employees and Contract Instructors be July 1, 2021.
4. THAT the effective date for the implementation of CO – 76, Living Wage Policy for Service Providers and Sub-Contractors be January 1, 2022.

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## PURPOSE:

The purpose of this report is to seek approval from City Council for the City to become a Living Wage Employer and to adopt the living wage policy for City employees, contractor instructors, service providers and sub-contractors.

## POLICY:

The proposed CO – 75, Living Wage Policy for City Employees and Contract Instructors and CO – 76, Living Wage Policy for Service Providers and Sub-Contractors establishes the parameters for the City to become a Living Wage Employer with the Living Wage for Families Campaign.

## COMMENTS/ANALYSIS:

At the January 15, 2021 Regular Meeting of Council, City Council received a presentation from Ms. Anastasia French, Campaigns and Operations Organizer for the Living Wage for Families Campaign (<http://www.livingwageforfamilies.ca/>) seeking the City of Langley to become a Living Wage Employer. As a first step, Council directed staff to prepare a report on the costs and implications of implementing a Living Wage policy and report back to Council.

What is a Living Wage? A Living Wage is the hourly amount a family needs to cover basic expenses. These basic expenses include:

- Food
- Clothing
- Rental housing
- Child care
- Transportation
- Small savings to cover illness or emergencies

The living wage is a regional calculation that looks at the amount that a family of four, two adults working full year, full time, need to earn to meet their expenses. The living wage allows working families to support the healthy development of their children and participate in the social, civic and cultural lives of their communities.

A Living Wage employer pays all direct and contract staff the Living Wage rate for their region. The current Living Wage rate (\$19.50 per hour) has been frozen from 2019. The Living Wage rate has not been established for 2020 as it has been a very difficult year for many employers, and temporary Government supports have made it too difficult to calculate an accurate Living Wage. The Living Wage rate may increase or decrease each year.

The Living Wage for Families Campaign encourages employers to pay a living wage as well as advocates for government policies that would help families make ends meet.

A living wage does not cover additional expenses such as:

- Debt repayment on credit cards, loans or other interest payments
- Future savings for home ownership, retirement or children's university education
- Anything beyond minimal recreation, entertainment and holiday costs
- Costs of caring for a disabled, seriously ill or elderly family member

Currently, the following municipalities have been certified as a Living Wage Employer:

- District of Central Saanich
- City of Victoria
- City of New Westminster
- City of Port Coquitlam
- City of Vancouver
- City of Pitt Meadows
- City of Burnaby
- City of Quesnel

There are no fees associated with certifying as a Living Wage Employer at this time. However, they have informed us that they may be looking at changing in the future as they diversify funding but any changes will not be introduced for a while.

### **City Employees**

Upon review of the hourly wages for all positions under the Collective Agreement for CUPE Local 2058 and IAFF Local 3253, the only position that is currently below the Living Wage rate is Recreation Worker 1 (2019 rates) at \$17.33 per hour plus 12% in lieu of benefits for a total of \$19.41 per hour. While the hourly wage, including in lieu benefits, for this position may exceed the Living Wage rate of \$19.50 per hour after the completion of the next round of negotiation, it may become lower than the Living Wage rate if there is upward adjustment to the Living Wage rate in the future. As such, there may be other positions which may become lower than the Living Wage rate which will create a perpetual “catch up” issue for the City.

As the Living Wage rate may increase or decrease each year, some municipalities have written to the unions that those positions that are below the annually established Living Wage rate will receive an adjustment to their hourly rate to meet the Living Wage rate. If the Living Wage rate decrease by a certain amount (say \$1.00 or more) in a given year, those employees that are receiving the Living Wage adjustment will be given six months’ notice of the reduced rate.

Some municipalities have established exceptions to the policy related to volunteers and students seeking work experience for education purposes.

### **Service Providers**

For contractors, vendors and their sub-contractors who have a direct business relationship with the City and work on City premises to adhere to a Living Wage policy to their employees may be challenging and complicated, if certain exclusions and conditions are not provided:

- Extends only to those employees and sub-contractors' that perform work while on City premises and property for durations in excess of one continuous hour per occasion and the total annual value of the service contract is greater than a certain value (e.g. \$25,000, \$50,000, \$250,000, etc.).
- Encompasses Contractor and sub-contractor employees above the defined threshold and within vulnerable sectors with the following exclusions:
  - Emergency or non-recurring repairs or maintenance services where no standing contract is in place;
  - Services performed by organizations that lease property from the City;
  - Employees of Social Enterprises;
  - Provider of supplies; and
  - Employees of sports alliance.
- Any existing contracts that are in place at the time of inception of the Living Wage Policy will not require immediate compliance should their wage rates be lower than the established Living Wage rate. However, a contract will require compliance at time of renewal.

Based on our analysis, the financial impact to the City is nominal if the City becomes a Living Wage Employer as the hourly wage for most of our employees are above the Living Wage rate. Similarly, the financial impact to our service providers will be nominal if contract value threshold and exclusions and conditions that preclude service providers from having to meet the requirements under the Living Wage Policy are established.

**BUDGET IMPLICATIONS:**

With respect to City employees, the financial impact is nominal as all CUPE Local 2058 and IAFF Local 3253 positions, with exception of the Recreation Worker 1 position (Step 1), exceed the Living Wage rate of \$19.50 per hour. The additional cost to the City, based on total hours worked for all employees working under Step 1 in this position in 2019, was \$139.07. However, there may be financial impact if the future Living Wage rate is established at a higher rate than the hourly wage for some of our positions.

Position	2019 Hourly Rate	Percentage in Lieu of Benefits <sup>1</sup>	2019 Hourly Wage	2019 Living Wage	Difference	2019 Hours of Work <sup>2</sup>	Additional Cost to City
Recreation Worker 1	\$17.33 <sup>3</sup>	\$2.08	\$19.41	\$19.50	\$0.09	1,545.25 <sup>4</sup>	\$139.07

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<sup>1</sup> 12%

<sup>2</sup> 2019 is used as facilities were closed and programs cancelled due to COVID-19 pandemic in 2020

<sup>3</sup> Step 1 – Start Rate

<sup>4</sup> Total hours of the 13 employees in the Recreation Worker 1 position

With respect to contractors and vendors, it is difficult to determine if there will be incremental increase to the contract price if the City is a Living Wage Employer. The City has reached out to several current contractors and vendors to gauge whether there will be an incremental increase to the contract price if there is a requirement to pay their employees the Living Wage rate. Other than the garbage collection contract which will see a potential increase of \$16,000.00 per year, the potential increase to the contract price from the other contractors is nominal. Those municipalities that have adopted a Living Wage Policy did not experience a significant increase to most of their contracts.

**ALTERNATIVES:**

1. That the City decline to establish a policy to be a Living Wage Employer with the Living Wage for Families Campaign.
2. That the City of Langley establish an internal policy to become a Living Wage Employer for municipal employees only, with exclusions and conditions.

Respectfully Submitted,



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Francis Cheung, P. Eng.  
Chief Administrative Officer

**Attachments:**

1. Policy No. CO – 75, Living Wage Policy for City Employees and Contract Instructors
2. Policy No. CO – 76, Living Wage Policy for Service Providers and Sub-Contractors