



County of Santa Cruz

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GENERAL SERVICES DEPARTMENT

701 OCEAN STREET, SUITE 330, SANTA CRUZ, CA 95060-4073

(831) 454-2718 FAX: (831) 454-2710 TDD: (831) 454-2123

BOB WATSON, DIRECTOR

May 20, 2002

AGENDA: June 4, 2002

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

REQUEST FOR EXEMPTION-LIVING WAGE ORDINANCE

On January 11, 2002 the Santa Cruz County Living Wage Ordinance was implemented for vendors providing certain services to the County with a cumulative value in excess of \$15,000. The current ordinance requires that covered contractors pay a living wage of \$11.00 per hour with benefits or \$12.00 per hour without benefits to all of their employees.

Section 2.122.040 of the ordinance covers the process for seeking exemptions. Paragraph (b) states, "The Board of Supervisors in its sole discretion, or its designee, may grant an exemption for additional grounds upon making a finding and determination either that compliance with the living wage will cause economic hardship, or that the exemption is necessary for the best interests of the County and is due to unusual circumstances (e.g., following a declared natural disaster) or where the County is required to award a contract for services to a sole source contractor for services. For all exemption requests, the exemption applicant must provide a written statement that includes complete details in support of the request for exemption and describe alternative solutions pursued. Exemptions will apply only to the contract for which they are granted."

The General Services Department has received an exemption request from Complete Mailing Service (attached). In support of this request, Richard Bedal, the County Clerk-Recorder and Treasurer-Tax Collector, has written a letter (attached) in which he cites the excellent quality of the service that Complete Mailing has provided along with their ability to meet tight deadlines. He further discusses the high level of expertise that Complete Mailing Service has developed and maintained over the years in support of County needs to provide timely and accurate Elections materials and information, along with increasingly complex property tax bills. Both projects bear the burden of important legal requirements for both the content of the mailing and the timing of delivery. The company has also worked with the Information Services Department to develop the appropriate software to receive the County's data electronically. Complete Mailing Services had indicated that it would cost the company approximately \$43,500 in hourly wages and profit sharing in order to comply fully with the Living Wage Ordinance. These are costs which would be passed on to the County.

The General Services Department has conducted an extensive review of the Complete Mailing Services exemption request. We have concluded that the services that Complete Mailing Services provides fall under the provisions of the ordinance and that the company does not currently comply with the ordinance. Complete Mailing Services hires physically and mentally challenged individuals in a supportive environment and transitions these individuals into unsubsidized employment after a formal training period. Although these trainees are exempt from the Living Wage Ordinance while in their Skills Building Program, there are other entry level workers earning between \$7.50 and \$10 an hour with benefits.

We have conducted a survey of the other Santa Cruz County vendors who provide printing and mailing services. This survey determined that none of the vendors are in full compliance with the ordinance. None of the other vendors has the experience or expertise comparable to Complete Mailing Service. One of the other vendors recommended Complete Mailing Services as the best vendor in the County to provide printing and mailing services to meet the needs of Elections and the Treasurer Tax Collector.

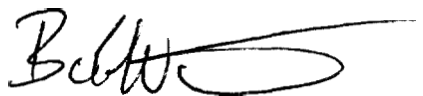
Complete Mailing Service has provided very important printing and mailing services to the County for many years. They have been the County's provider for the printing and distribution of voter information and polling place information pamphlets for the Elections Department and Property Tax bills for the Treasurer Tax Collector's Office. The size and scope of these contracted services is large and complex. The number of voter information pamphlets exceeds 140,000 and property tax bills exceed 90,000. Complete Mailing Service indicates that full compliance with the ordinance will cause economic hardship to the company that would ultimately result in the loss of jobs to its workers as a result of lost contracts with the County.

Your Board has three options in considering this exemption request. One, you could appropriate the additional funding into the Elections and Treasurer-Tax Collector budgets to cover the increased costs to enable Complete Mailing Services to come into compliance with the Living Wage Ordinance. Two, you could direct the General Services Department to conduct a procurement process to select a different vendor who is in compliance with the Living Wage Ordinance. Three, you could grant the exemption request. Given the economic landscape facing the County at this time, we are not recommending the additional funding for this service be provided. Given that our research determined that there are no current companies in the County who comply with the Living Wage Ordinance and who could provide this level of service, we are also not recommending the option to conduct an RFP for another vendor. Given these factors, and the importance and complexity of the services under consideration, we are recommending that your Board grant this Living Wage exemption request.

It is therefore, RECOMMENDED that your Board,

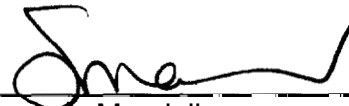
1. Make the finding and determination that the exemption from the Living Wage Ordinance for Complete Mailing Service is necessary for the best interests of the County and where a sole source contract for services is required; and
2. Authorize a Living Wage Exemption request for Complete Mailing Service for a contract (s) for the printing and distribution of Elections and property tax materials in FY 2002/03.

Sincerely,



Bob Watson, Director

RECOMMENDED:



Susan A. Mauriello
County Administrative Officer

Attachments

cc: Complete Mailing Service
Treasurer-Tax Collector
Elections
County Counsel
Living Wage Coalition

BW/pc

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County of Santa Cruz

TREASURER-TAX COLLECTOR

701 Ocean Street, Room 150

P.O. Box 1817

Santa Cruz, California 95061

Treasurer: (831) 454-2450 Tax Collector: (831) 454-2510

Central Collections: (831) 454-2292

FAX: (831) 454-2257 TDD: (831) 454-2123

Richard W. Bedal

Treasurer-Tax Collector

Paula Pelot

Assistant Treasurer-Tax Collector

May 20, 2002

Board of Supervisors
701 Ocean Street
Santa Cruz, CA 95060

Re: EXEMPTION OF LIVING WAGE ORDINANCE

Dear Members of the Board,

The Elections Department and the Tax Collector's Office have been using Complete Mailing Services (CMS) for years. They have developed substantial expertise in meeting our unique requirements, not the least of which is working with Information Services to develop appropriate software to receive our data electronically. As such, CMS has been an excellent team player in printing, stuffing and mailing over 90,000 tax bills each year. They have also been able to handle the very difficult job of accurately imprinting names and addresses on sample ballots and then mailing them to the 140,000 registered voters.

Up to about fifteen years ago the Elections Department, with the assistance of extra help, labeled and mailed all sample ballots. The space to accomplish this task was lost to other departments so the department used various mailing services with mixed results. And then, about twelve years ago, the Department started using CMS with excellent results. They have not only been flexible in meeting our tight deadlines, they have also been invaluable in quality control to be certain each voter receives the correct sample ballot.

For many years the Tax Collector's Office used a vendor in San Jose for imprinting and mailing our tax bills. There were numerous errors and so eight years ago the Department started using CMS. As in the Elections Department, there was a dramatic improvement in quality in the printing and mailing of the tax bills. It was with the assistance of CMS, working with our Information Services Department, we were able to redesign the tax bills to be more useful to the taxpayers.

In addition to the reasons discussed above, what follows is a partial list of reasons this Department believes CMS should be exempt from the Living Wage Ordinance:

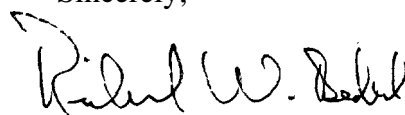
- Their payment package is good even though their hourly rate does not meet the specific county ordinance requirements. In fact they have a number of long time employees, one of whom has discovered errors in the data provided by the county and thereby avoided costly mistakes. Another provides quality control at the printer thereby avoiding other errors.

- The date for delivery of sample ballots to the mail house is unpredictable, but CMS has been very flexible and able to meet our tight schedules.
- CMS has been very flexible in how they receive our electronic data, by email, tape or CD's. They have been able to decipher virtually any format we provide them.
- Over the years they have developed expertise in how to handle our unique needs. The sample ballots are a perfect example. With the different political parties and many precincts—from the one file CMS receives from the Elections Department—CMS must extract and match anywhere from 100 to 200 separate mailings to their respective printed ballot types. In an effort to expedite delivery, and achieve the maximum postage savings for the county, CMS will break some ballot types into separate, smaller mailings. The window of time between the receipt of the data and the required mailing date of the printed sample ballots does not allow any room for error. Should an error occur, there is not enough time to have ballots reprinted and mailed on time.
- CMS is located close to the county administration building and county officials can come and inspect the progress at any time.
- With tax bills, they are able to sort the bills so that each taxpayer who owns several parcels only gets one mailing rather than several.
- CMS has also assisted us in fixing our address files so that we are able to get the best postal rate possible.

In summary, mailing of tax bills and sample ballots require attention to detail above and beyond that of any general-purpose business mailing. Each mailing bears the burden of legal requirements for both the content of the mailing and the timing of the delivery. Having a local vendor handling this sensitive information and familiar with the legal requirements is key to meeting and understanding the needs of the many mailing projects of this Department.

It is therefore RECOMMENDED that your Board approve Complete Mailing Services' exemption from the County's Living Wage Ordinance.

Sincerely,



Richard W. Bedal
County Clerk-Recorder and
Treasurer-Tax Collector

RECOMMENDED:

SUSAN A. MAURIELLO
County Administrative Officer



Complete Mailing Service

108 Dubois Street
Santa Cruz, CA 95060-2109
(831)425-5556 Fax (831)425-0306

WWW.COMPLETEMAIL.COM

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Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

Request from Complete Mailing Service
Exemption to Chapter 2.122 Santa Cruz County Code: Living Wage

Overview of Complete Mailing Service (CMS) Employee Benefits Policies

Complete Mailing Service is a small business, locally owned and operated since 1976. We have been serving Santa Cruz County for many years, mailing out ballots, property tax statements, as well as numerous other mailings, including those of political candidates, public and private schools, UCSC and numerous other non-profits, as well as private businesses.

Employee Benefits

Throughout its operation CMS has provided all full-time, permanent employees with an excellent benefits package rivaling the best in the County. These include:

- ☐ Full medical insurance paid fully by the company. Employees may co-pay to add family members to the health package.
- ☐ Full dental insurance paid fully by the company. Employees may co-pay to add family members to the health package.
- ☐ 15% annual Profit Sharing contribution, paid by the company. With this program, the company adds an additional 15% of the employees salary to a tax-deferred fund, invested until retirement or until the employee elects to withdraw the funds. No cost to employee.
- ☐ Life Insurance at no cost to employee
- ☐ Nine paid Federal holidays per year
- ☐ 6 Days paid sick leave per year
- ☐ 5 Days paid vacation after 1 year, with opportunity to accrue up to 15 paid vacation days after 3 years.
- ☐ On-site professional training when necessary, and reimbursement of costs for those taking job-related night courses at Cabrillo or Santa Cruz adult school.

Throughout the years, CMS has fostered a program of hiring and training local unskilled workers, many of whom lack basic English language skills. Our employees in this program acquire language and numerous other skills on the job, often including computer skills and ability to run computerized machinery. One shining example is Ruth, a single mother of 2, who started employment 5 years ago at the “unskilled” level. She has acquired a wide array of skills and now makes \$12 per hour. Another is Lidia, a single mother of 3, a very bright but unskilled worker when she joined our staff 2 years ago. In this short time, she has acquired computer and office skills and has almost doubled her salary.

Of Complete Mailing Service’s 16 full-time employees, 6 are already in compliance with the Living Wage Ordinance, 3 are disabled adults hired through the Skills Center. Of the seven not in compliance, none are earning merely minimum wage, but range from \$7.50 to \$10 per hour. With the addition of profit sharing, their compensation equates to a range of \$8.71 to \$11.62 per hour. If medical, dental, vacation, and sick leave benefits were able to be counted toward their total Living Wage compensation, most would fall within the bracket designated by the ordinance.

These 7 valuable employees are in our Skill Building Program, having come to us from backgrounds in hotel housekeeping and agricultural field work. At CMS, they have acquired training and experience that has enhanced their lives and their future employability in our County. They, and we, are pleased with their progress.

Community Service

At Complete Mailing Service we have always been proud of our involvement with the community, serving both the private and public sector. Recently we were a major sponsor to an event for the Commission for Prevention of Violence Against Women. We have contributed over the years to numerous non-profit organizations with reduced fees or gratis work to organizations whose needs are great and whose budgets are severely limited.

CMS also takes pride in hiring disabled adults. We currently have 3 full-time employees from the Skills Center of Santa Cruz County.

Cost Ramifications of Compliance with the Living Wage Ordinance

Complete Mailing Service must stay competitive in order to stay in business. In researching rates paid by others in our industry, it is clear that none of our competitors is paying a minimum of \$11 for their unskilled workers. We believe that forcing service-oriented companies to do this, will encourage some companies to pay their lower wage earners “under the table,” something certainly not in keeping with the spirit of a Living Wage.

1. **Inordinate Cost Increase:** Just to be allowed to participate in the bidding process for Santa Cruz County contracts, Complete Mailing Service would need to commit to additional yearly expenditures of at least \$43,500 for hourly wages and profit sharing. Because we work on very small profit margins, this would mean that we must increase our fees accordingly. Clearly it is not in our best interest to do this, especially during times of economic recession and uncertainty.

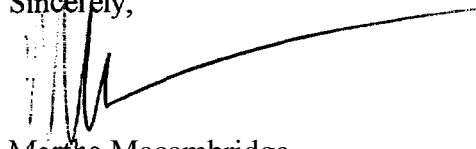
2. **Reduction in Benefits:** An alternative--though not an acceptable one in our opinion--would be to cut back on employee benefits. Because benefits must be equal for all employees, this would mean cutting back benefits of everyone in the company, some of whom have been with us for 5-10 years. We don't believe that this would be in keeping with the spirit of the Living Wage.
3. **Loss of Jobs:** We believe the necessary increase in fees would most certainly result in the loss of many contracts for CMS. Reduction in work load would mean the termination our Skill Building Program, and would result in the ultimate discharge of any marginal or new employees in this program. This action would serve to help no one, least of all, the lowest-paid employees of our company.

Complete Mailing Service must stay competitive to stay in business. We must be able to retain our customer base, especially during these uncertain economic times. Compliance at this time would most certainly have a negative impact on our customers, who are also suffering from a recession, and who must now pay much higher fees than they have been accustomed to--on top of the continuing spiral of postage costs! Compliance would have a disastrous effect on our entry level employees, who would be forced out of work. This certainly would not be in keeping with the spirit of a Living Wage.

While we support the spirit of a Living Wage, we are running a business, and must be realistic. Over the years Complete Mailing Service has compensated its employees with exceptional benefits, which because of the "letter" of the Ordinance cannot be counted as **part** of the wage. We have brought numerous employees from a state of unemployability to **full** job security. In our opinion, we have gone well beyond the Living Wage in offering training, benefits, and secure employment for many of our community who would still be working at jobs offering no benefits or advancements.

However, we are convinced that complying with the letter of the Living Wage Ordinance would be a disservice to our employees, and put Complete Mailing Service's viability at risk. We respectfully request an exemption for our work with the government agencies of Santa Cruz County. We look forward to providing many more years of the exceptional service the County has received from us in the past.

Sincerely,



Martha Macambridge
General Manager