

## **CONFIDENTIAL**

## **MEMORANDUM**

March 1, 2023

**TO:** Mayor and Council

**CC:** Armin Amrolia, Deputy City Manager  
Karen Levitt, Deputy City Manager  
Francie Connell, City Solicitor  
Maria Pontikis, Chief Communications Officer, CEC  
Rosemary Hagiwara, Acting City Clerk  
Teresa Jong, Administration Services Manager, City Manager's Office  
Mellisa Morphy, Acting Chief of Staff, Mayor's Office  
Trevor Ford, Director of Operations, Mayor's Office  
Patrice Impey, Chief Financial Officer and FRS GM  
Andrew Naklicki, Chief Human Resource Officer

**FROM:** Paul Mochrie  
City Manager

**SUBJECT:** Living Wage: Program Changes Implementation and Communications Plan

**RTS #:** N/A

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At the in camera meeting on Tuesday, January 31, 2023, Council directed City staff to establish a revised approach to support the living wage program, implementing a five-year rolling average to be used as the standard to pay fair wages to employees of the City and its service providers.

Living Wage for Families BC (LWFBC) is the official certification body which publishes the living wage rates each year and administers the Living Wage program. The City will continue to use the rate determined by LWFBC to calculate the five-year rolling average.

The City joined the living wage program in 2017. As the Living Wage rate is calculated annually, it can increase or decrease on an annual basis. To this end, the Living Wage rate has decreased twice since 2018 when it was set at \$20.91. The City did not correspondingly decrease its wages. Based on a five-year rolling average, the City will continue to ask service providers to pay at or above the rate of \$20.91.

The rate set by LWFBC for 2023 would represent a 17.35% annual increase. The City has been advised the rate will likely decrease next year. A five-year rolling average will smooth out these

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annual fluctuations and address the implementation challenges for large organizations with multi-year collective agreements like the City.

City staff have developed an implementation and communications plan to operationalise the changes to the program with the objective to make this Council decision public on March 2, 2023. This information should remain confidential until then in order to provide time to engage multiple internal and external stakeholders in a coordinated manner.

We request that Mayor and Council not comment on the decision until the decision is made public. The key messages suggested by staff are:

- The City recognizes the importance of fair compensation to employees of the City and the City's service providers.
- We value the work of the Living Wage for Families BC and appreciate the benchmarks the organization sets.
- We are currently reviewing the City's role within the program and will update staff and stakeholders when more details become available.

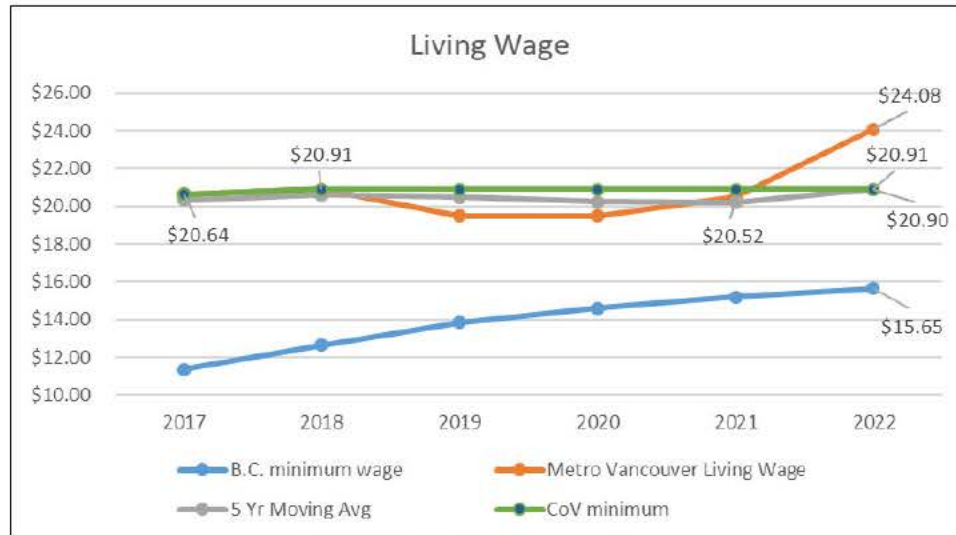
Following public release on March 2, 2023 the Council decision will be released to the public in accordance with the procedures established by the City Clerk.

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Mayor and Council may use the following suggested key messages if they choose, following the public release:

- The City values the contributions of its staff, and we are continuing to focus on ensuring our compensation rates are fair and reflect the cost of living in Vancouver.
- Recently, the living wage rate for Metro Vancouver set by Living Wage for Families BC (LWFBC) increased 17.35% or to \$24.08 per hour for 2023. The City has also been advised that the Living Wage rate is expected to decrease next year
- The Living Wage rate is calculated annually and has fluctuated both up and down each year. This is difficult to administer in large organizations, particularly those with multi-year collective agreements like the City. Where the annual Living Wage has decreased in the past, the City has not decreased wages and asked service providers to do the same.
- Due to the immediate impact the new Living Wage rate would have on the pay structure for the rest of the City and the possibility the rate may be reduced in future years, Council made the decision to implement a fair wage approach based on a five-year rolling average of the Living Wage rate.
- The City will continue to use the rate set by Living Wage for Families BC by implementing a five-year rolling average, which will smooth out annual fluctuations.

- The table below outlines the impact of the rolling average. Since the City has participated as a Living Wage employer, the wage has increased and decreased creating implementation challenges. The City's minimum benchmark rate in 2017 when it joined the program was \$20.64. It changed to \$20.91 in 2018 and the City has maintained the minimum benchmark rate at this level since then.



- The Living wage has decreased since 2018, though the City and its service providers have continued to pay at or above the 2018 rate. A decrease in the Living Wage rate generally means the cost of living has gone down.
- Applying the rolling five-year average for 2023, the wage would be \$20.90. The current lowest wage for direct City employees is \$21.27, and the current minimum of \$20.91 would be maintained for service providers for 2023.
- All City staff are compensated above B.C. minimum wage (\$15.65 in 2022) and the vast majority are at or above the recently announced 2023 Living Wage rate, as are the majority of our service providers.
- The City hopes LWFBC will consider this variation in implementation and allow organizations that use this approach to continue to be certified, as we are continuing to use their calculated living wage rate but applying a more practicable approach for large organizations.

The Vancouver Board of Parks and Recreation, the Vancouver Police Department and the Vancouver Public Library will receive an update on the morning of March 2, 2023.

Unions will be informed on Council's decision on the morning of March 2, 2023.

The Living Wage for Families BC will be contacted on the afternoon of March 2, 2023, letting them know that the City will implement a five-year rolling average approach to address the implementation challenges annual increases and decreases represent to the City's participation in the Living Wage Employer program. The City will continue to use the rate set by Living Wage for Families of BC as a benchmark to calculate on an annual basis a five-year moving average. The City would consider future certification as a Living Wage employer and will ask that the certification body recognizes this implementation approach in the program requirements.

Other key stakeholders, such as staff, contractors and other organizations that need to know of this decision immediately will be contacted on March 2, 2023 as appropriate. The City's external website as well as Currents (intranet site) will be updated that same day.

Other activities on the implementation plan will follow in subsequent days and weeks, such as updates to document templates, logos on letterhead, signage, etc.

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

Best,



Paul Mochrie  
City Manager

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