

REPORT

Finance & Human Resources and Information Technology

To: Mayor Johnstone and Members of Council
Date: June 24, 2024

From: Shehzad Somji
CFO/Director of Finance
File:

Item #: 2024-363

Subject: **Fair Wage Policy at the City of New Westminster**

RECOMMENDATION

THAT Council direct staff to proceed with developing a draft Fair Wage Policy and implementation plan.

PURPOSE

The purpose of this report is to provide Council with background information and a recommendation on the implementation of a Fair Wage Policy as per Council's motion dated September 11, 2023.

BACKGROUND

On September 11, 2023, Council passed the following motion directing staff to outline a process for adopting a Fair Wage Policy (FWP):

WHEREAS the City of New Westminster was a leader in adopting a Living Wage Policy in 2011 to assure all employees of the City and service providers to the City earn a living wage as a minimum; and

WHEREAS cohort municipalities such as the City of North Vancouver and Burnaby have adopted FWP to ensure that no contractor or sub-contractor working for the City gets an unfair advantage by paying lower than fair market wages for skilled workers; and

WHEREAS New Westminster is committed to affordability for working people, and ensuring fair and household-supporting wages are paid for all work performed by or on behalf of the City; and

WHEREAS Metro Vancouver is a major builder of capital works that are funded by utility ratepayers through municipal governments, and has significant procurement power that impacts the regional labour market;

THEREFORE BE IT RESOLVED THAT staff bring a report to Council outlining a process to adoption of a Fair Wage Policy similar to that of Burnaby or the City of North Vancouver to complement New Westminster's successful Living Wage Policy; and

BE IT FURTHER RESOLVED THAT Mayor Johnstone take a motion to the Board of Metro Vancouver on behalf of New Westminster Council requesting that Fair Wage and Living Wage policies be developed and adopted by the Regional Government.

On November 27, 2023 staff provided a proposed work plan and funding request for a two-phased process to review the impact on the City by adopting a Fair Wage Policy and report back to Council.

Staff, with support from an external consultant, reviewed the implications of implementing a FWP at the City with the findings forming the basis of this report to Council.

ANALYSIS

There are currently two municipalities in British Columbia that have adopted a FWP – the City of Burnaby and the City of North Vancouver. The City of Burnaby has had their policy in place for over 25 years whereas the City of North Vancouver adopted their policy in 2011. In addition to being fair wage employers, the City of Burnaby and the City of North Vancouver have also adopted Living Wage policies and adhere to the wage rates established annually by the Living Wage for Families campaign.

Recently, the City of Vancouver ended its Living Wage Policy in favour of a “fair wage policy”. Vancouver's FWP more closely resembles a living wage policy in that it sets minimum wage rates for City employees and service contractors, however, it does not adhere to the annual hourly rate set by the Living Wage for Families Campaign. Rather, it looks at an average of the living wage rates established over the past five years.

The City of North Vancouver's FWP and procedures are current, clear, and straightforward (Appendix 1 – City of North Vancouver Fair Wage Policy). If Council directs staff to implement its own FWP, the City of North Vancouver's policy provides an

excellent template that could result in minimal staff time and resources to modify and adapt. While the City of Burnaby's policy is rather complex, it can still serve as a resource document when drafting a policy for the City (Appendix 2 – City of Burnaby Fair Wage Policy).

Although not an exhaustive list, the following other Canadian municipalities have adopted a FWP: Toronto, Brampton, Hamilton, London, Sarnia, Sudbury and Thunder Bay¹. The consultant did not research these other municipal Fair Wage policies and chose to focus on the City of North Vancouver and the City of Burnaby as these were highlighted previously by Council as examples that they would like to emulate and are in the same region.

Fair wage policies typically apply to Industrial, Commercial, and Institutional (ICI) work which include:

- Buildings, including their electrical, plumbing, heating, and cooling systems;
- Roads, sidewalks, bridges, and related structures;
- Sewers and water mains and other utilities installations;
- Transit stops and transit rights-of-way; or
- Heavy Engineering.

The City of North Vancouver's policy is referenced in the City's contract documents and on the City's webpage and is part of the overall contract and tendering process. The total compensation salary schedule that is appended to the City's policy is updated and provided annually by the Construction Labour Relations Association of BC² and the City simply updates the schedule in their linked policy (Appendix 2 - Summary of Standard Union Agreement Wage Rates and Employer Paid Benefits).

According to the City of North Vancouver, the wages that are required under the City's FWP are standard and having the FWP has not resulted in increased construction costs. Administering the policy on behalf of the City has not been onerous. Burnaby reports a similar experience with Policy administration.

The City of Burnaby and the City of North Vancouver have established a contract value threshold of \$250,000 for the FWP to apply. To be consistent, and to reduce administration costs, staff recommend that the City of New Westminster include this threshold in its draft policy.

Traditional fair wage policies do not apply to City employees or service contractor wages. In the case of Burnaby, the City of North Vancouver, and New Westminster, these workers fall under a Living Wage Policy. Implementing a FWP at the City of New Westminster would not conflict with or impede the current Living Wage Policy nor require consideration of existing City Collective Agreements or service contracts as these are governed by the existing Living Wage Policy.

¹ Brynn Bourke, Executive Director, Executive Director BC Building Trades Council

² Tiffany Chung, Labour Relations Manager, Construction Labour Relations Association of BC, conversation March 20, 2024.

Typically, a City’s purchasing department would implement and administer a FWP.

FINANCIAL IMPLICATIONS

Since 2019, there have been 142 construction projects at the City of New Westminster that have exceeded \$250,000 in actual costs. As an average, this is less than 30 projects per year over this time that would have fallen under a FWP.

Historically, the City’s construction project contracts do not include the wages paid to contractor and subcontractor employees and it is therefore not possible to provide a quantitative analysis of what the impacts of a FWP would have been. The qualitative experience of Burnaby and North Vancouver suggests that adopting a FWP does not result in an increase in construction costs.

A recent U.S. study into prevailing wage laws concluded that these laws do not increase public construction costs, although some exceptions may exist.³ In a follow up study, researchers found that such policies establish a “high road” that can lead to greater shared prosperity in local economies over time.⁴

The BC Construction Labour Relations Association provides the updated salary schedule for the municipal sector annually and there would be no cost to the City for this service.

Although there have never been any complaints under the City’s LWP, the City of North Vancouver has implemented a \$2,500 fee to lodge a complaint. A similar policy for the City of New Westminster would help to deter superfluous complaints and offset investigation costs in the event that a complaint was made.

INTERDEPARTMENTAL LIAISON

Finance and Human Resources will work collaboratively on this initiative. Input from Legal and other departments will also be required when a new policy is developed.

OPTIONS

Option 1: THAT Council direct staff to proceed with drafting a Fair Wage Policy and implementation plan and report back to Council.

Option 2: That Council provides staff with other direction.

Staff recommend Option 1.

³ Prevailing Wage Laws: What Do We Know?’ – Institute for Construction Economic Research 2017 [Microsoft Word - Duncan and Ormiston \(2017\) - Prevailing Wage Review - 3-15-17.docx \(iceres.org\)](#)

⁴ Weaver, Russell, and Anne Marie Brady. "Building Responsible Projects in New York City: Assessing the Impact of Prevailing Wage Benefits on Workers, Contractors, and the New York City Economy." (2023).

CONCLUSION

Adopting a Fair Wage policy would not be onerous and would have positive benefits to construction workers and the community. A Fair Wage Policy would complement the existing Living Wage Policy and would demonstrate Council's continued commitment to local government best practices and civic leadership.

ATTACHMENTS

Appendix 1 – City of North Vancouver Fair Wage Policy
Appendix 2 – City of Burnaby Fair Wage Policy
Appendix 3 – City of Burnaby CUPE Wages

APPROVALS

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