

## **LIVING WAGE POLICY**

It is the policy of Santa Clara Valley Water District (Valley Water) that persons doing work for, or on behalf of Valley Water, should be paid at least a living wage, provided affordable health insurance, have reasonable time off and not be subject to layoff merely because Valley Water changes contracts.

### **1. APPLICATION**

#### **A. Service or Labor Contract**

The Living Wage Policy applies to an awarded contract that Valley Water estimates the expenditure of more than \$50,000 (fifty thousand dollars) during the term of the contract for the furnishing of the following services to Valley Water (as opposed to the purchase of goods or other property or the leasing of property):

- i. Janitorial and Custodial Services
- ii. Security Services

#### **B. Exemptions**

Notwithstanding the type of contract specified in Section 1(A) of this Living Wage Policy, if any of the following are applicable, then the living wage requirements in this Living Wage Policy are not applicable:

- i. Contracts under which federal or state regulations preclude the applicability of the living wage requirements specified in this Living Wage Policy;
- ii. Contracts which involve programs where Valley Water shares management authority with other jurisdictions, unless all participating agencies have a Living Wage Policy;
- iii. Contracts which are impacted by leases, bond covenants, grant restrictions, governmental regulations and the like are reviewed on a case-by-case basis, and the Living Wage Policy included to the extent legally and contractually possible;
- iv. Contracts for professional services for specialized skills including, but not limited to: experts, consultants, auditors, engineers, attorneys, banking;
- v. Contracts where imposition of the living wage requirements specified in this Living Wage Policy is found by Valley Water's Deputy Officer of the General Services Division, or designee, to likely cause a hardship to small businesses;
- vi. Contracts with non-profit organizations that provide educational and/or job-related training.

### **2. PAYMENT OF MINIMUM COMPENSATION TO EMPLOYEES**

The following is the minimum living wage that shall be paid to individuals providing service to Valley Water under the contract specified in Section 1(A) of this Living Wage Policy:

A wage of no less than \$28.27 (twenty-eight dollars and twenty-seven cents) per hour effective July 1, 2025.

These initial rates will be reviewed by the Deputy Administrative Officer of the General Services Division, or designee, each year during the month of March, to determine if any adjustment should be made based on that year's February Consumer Price Index for all Urban Consumers in the San Francisco-Oakland-Hayward area (U.S. Department of Labor, Bureau of Labor Statistics). Any adjustment required by this policy will be effective July 1. Notwithstanding the Consumer Price Index, the living wage shall not increase by more than 4%.

Updated rates will be posted on Valley Water's Living Wage Policy web page:  
<https://www.valleywater.org/livingwage>.

### **3. EMPLOYEE RETENTION REQUIREMENTS**

#### **A. Application**

The employee retention requirements under this Policy will apply to contracts subject to this Policy during the contract term and provides for the continuation of a service currently provided by another contractor, including the following contracts:

- i. Janitorial and Custodial Services
- ii. Security Services

#### **B. Retention Employee**

Any person employed by the predecessor contractor or any subcontractor to the predecessor contract who:

- i. Is not an "exempt" employee under the Fair Labor Standards Act; and
- ii. Has been employed for at least 12 (twelve) months immediately prior to the date of the new contract by the predecessor service contractor or subcontractor.

#### **C. Employment**

Employment shall be offered to all qualified retention employees.

- i. The new service contractor may deem a retention employee not to be qualified only if:
  - (a) the employee has been convicted of a crime that is related to the job or to his or her job performance, or (b) the contractor can demonstrate to Valley Water staff that the employee presents a significant danger to customers, co-workers or Valley Water staff.
- ii. Qualified employees of the predecessor contractor shall not be discharged without cause during the initial 90-day period of their employment with the new service contractor. Cause shall be based only on the performance or conduct of the employee.
- iii. At the end of the initial 90-day period of their employment, the new service contractor shall provide a written performance evaluation to each employee retained pursuant to this policy. If the employee's performance is satisfactory, the new service contractor shall offer the employee continued employment.

#### 4. HEALTH INSURANCE

The Contractor shall offer full-time workers regularly assigned to Valley Water, and their eligible dependents, the option to enroll in a contractor medical insurance plan (including dental and vision) that meets the requirements specified in this Section 4. For the purposes of this policy, a full-time employee is defined as someone who works, on average, at least 20 hours per week. This determination should reflect the worker's standard, ongoing schedule rather than temporary or occasional increases in hours, and includes Core Employees essential to the continuity and delivery of contract services.

If a worker elects to enroll in such medical insurance plan, then the Contractor shall pay the monthly medical insurance premium(s) at no cost to the worker or their eligible dependent(s).

The Contractor shall submit proof of compliance with the health insurance requirements, including (1) a list of enrolled workers and dependents, (2) proof of premium payments, and (3) a copy of the insurance plan summary. Such statement shall be submitted to the Valley Water as part of the monthly invoice.

Failure to comply with the health insurance provision of this policy shall constitute grounds for Valley Water to terminate its agreement with the Contractor in accordance with Section 6 below. Contractors who have their agreements terminated for violation of this provision will be ineligible to bid on future Valley Water contracts subject to this Living Wage Policy for a period of one year.

##### A. Medical Insurance

- i. The medical insurance shall include the equivalent of one of the following:
  - a. Health Maintenance Organization (HMO) coverage with no more than a \$15 (fifteen dollar) co-payment for prescriptions or physician visits (including routine and urgent care appointments) and no more than a \$200 (two hundred dollar) deductible for inpatient hospital care;
  - b. Indemnity coverage at no less than 80%/20% of covered charges, including prescription coverage of no more than a \$10/\$15/\$30<sup>1</sup> (ten/fifteen/thirty dollar) co-payment, with an annual deductible of no more than \$100 (one hundred dollars) and an annual out-of-pocket limit of no more than \$1,000 (one thousand dollars);
  - c. Preferred Provider Organization (PPO) coverage at no less than 80%/20%, including prescription coverage of no more than a \$15 (fifteen dollar) co-payment, with an annual deductible of no more than \$500 (five hundred dollars) and an annual out-of-pocket limit of no more than \$2,000 (two thousand dollars) and, any medical plan shall include a basic level of both outpatient and inpatient mental health.
- ii. If the Contractor's current medical insurance does not meet Valley Water's minimum medical requirements, the Contractor shall purchase a medical insurance policy that does.
- iii. Either a copy of the medical enrollment form with an effective date or a

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<sup>1</sup> \$10/15/30 (ten/fifteen/thirty dollar) co-payment, when used in reference to prescriptions coverage means \$10 (ten dollar) co-payment for generic drugs, \$15 (fifteen dollar) co-payment for name-brand drugs and \$30 (thirty dollar) co-payment for non-formulary drugs.

signed copy of proof of offer that a worker declined medical coverage is required within 30 calendar days of placement of eligible worker's under this policy.

## **B. Dental Insurance**

- i. The dental insurance provided shall include a basic dental coverage benefit of \$2,000.00 (two thousand dollars) per each eligible worker and each eligible dependent per year, and the lifetime orthodontic benefit of \$1,500.00 (fifteen hundred dollars) per each eligible worker and each eligible dependent.
- ii. If the Contractor's current dental insurance does not meet Valley Water's minimum dental requirements, the Contractor shall purchase a dental insurance policy that does.
- iii. Either a copy of the dental enrollment form with an effective date or a signed copy of proof of offer that a worker declined dental coverage is required within 30 calendar days of placement of a worker who will work an average of at least 20 hours a week at Valley Water.

## **C. Vision Insurance**

- i. The vision insurance provided shall include a well vision exam with no co-payment for routine eye exams. The insurance shall also include a \$175.00 (one-hundred and seventy-five dollars) allowance for eyeglasses or contact lenses, every twenty-four months.
- ii. If the Contractor's current vision insurance does not have Valley Water's minimum vision requirements, the Contractor shall purchase a vision insurance policy that does.
- iii. Either a copy of the vision enrollment form with an effective date or a signed copy of proof of offer that a worker declined vision coverage is required within 30 calendar days of placement of a worker who will work at least 20 hours a week at Valley Water.

## **5. CONTRACTOR PROVIDED PAID TIME OFF**

Holidays	14 Valley Water holidays. Employees required to work during holiday designated by Valley Water shall be compensated at an hourly rate of 1.5 times the applicable living wage rate. New holidays adopted by the Valley Water Board of Directors shall be recognized under this Policy but shall not apply to a Contractor whose contract precedes the change unless and until there is a written amendment of Contractor's contract recognizing the new holidays.
Sick Leave	12 days per year (1 day per month), prorated for part-time employees. Contractors will not be liable for any sick leave hours accrued by retention employees under Section 3(B) above prior to the date of Contractor's agreement with Valley Water.
Vacation	Years 1 through 5 servicing Valley Water: 2 weeks per year. Years 6 and after servicing Valley Water: 3 weeks per year. Vacation prorated for part-time employees. Contractor's must cash out vacation hours earned under this policy upon the

termination or expiration of their agreement with Valley Water. Contractor's will not be liable for any vacation hours accrued by retention employees under Section 3(B) prior to the date of Contractor's agreement with Valley Water.

Employees shall retain their vacation accrual rate based on their tenure working under the Valley Water contract.

## 6. ENFORCEMENT

The service agreement shall provide that if a violation of any provision of this Living Wage Policy occurs and is not corrected after written notice, Valley Water may, at its option, do any or all of the following:

- i. Suspend and/or terminate the service contract for cause.
- ii. Require the employer to pay any amounts underpaid in violation of the required payments.

Violations of any provision of this Living Wage Policy can be reported to the Deputy Officer of General Services at Valley Water.

## 7. EFFECTIVE DATE

Any contract for which any request for service or labor covered by this Living Wage Policy is issued on or after July 1, 2019.

Additional information, including a history of living wage rates and contract information for Valley Water staff is available online at <https://www.valleywater.org/livingwage>

## 8. DEFINITIONS

**Assigned to Valley Water:** A worker is considered assigned to Valley Water when the individual is employed by a contractor (or subcontractor) and performs services directly on behalf of Valley Water under a contract subject to this Living Wage Policy, where Valley Water is the end user of the work.

**Core Employees:** An employee assigned to a Valley Water contract who works, on average, at least 20 hours per week in a core position as defined in the applicable contract scope of work or staffing plan. Core positions are roles that are essential to the continuity and delivery of contract services on a regular and year-round basis. This excludes workers assigned to seasonal, intermittent, or on-call duties.

**Deputy Administrative Officer of General Services:** An unclassified manager at Valley Water who is responsible for overseeing this Living Wage policy.

**Eligible Dependent:** An eligible dependent(s) is defined as:

- i. Current Legal Spouse
- ii. Registered Domestic Partner
- iii. Natural, Adopted and/or Step-children up to age 26, regardless of marital, residency, or student status.

**Full-Time Employee:** An individual who regularly works an average of at least 20 hours per week, based on a consistent schedule. This includes designated Core Employees. This designation determines eligibility for benefits outlined in Section 4.

**Health Maintenance Organization (HMO):** A health insurance organization to which subscribers pay a predetermined fee in return for a range of medical services from physicians and healthcare workers registered with the organization.

**Indemnity Plan:** A plan that allows you to direct your own health care and visit almost any doctor or hospital you like. The insurance company then pays a set portion of your total charges.

Indemnity plans are also referred to as “fee-for-service” plans.

**Living Wage:** A wage high enough to maintain a normal standard of living.

**Part-Time Employee:** An individual who works fewer than 20 hours per week on average, or does not maintain a consistent schedule of 20 hours per week.

**Preferred Provider Organization (PPO):** A type of health plan that contracts with medical providers, such as hospitals and doctors, to create a network of participating providers. You pay less if you use providers that belong to the plan’s network.

## 9. CHANGE HISTORY

DATE	REVISION	COMMENTS
08/27/2019	A	This is a new Policy
07/02/2025	B	Updated living wage rate, clarified eligibility for benefits (health, dental, vision), added compliance enforcement, employee definitions, and expanded paid time off requirements.