

Metro Responses to Questions: Revised 2022 tonnage allocation rules regarding living wages and good benefits for private transfer station employees

The draft rules, notice for public comment and additional information are available at: <https://www.oregonmetro.gov/news/public-notice-opportunity-comment-revised-tonnage-allocation-rules>

- 1) Will a transfer station qualify if it commits to not intentionally reducing benefits through December 31, 2022, but, through the course of the annual fall open enrollment, benefits plans change?

Metro response: To qualify for Goal 3 criteria and tonnage, a transfer station must certify that it will not reduce benefits between current (2021) levels through the end of calendar year 2022. The intent behind this provision is to support a net increase in overall wages and benefits instead of a redistribution of compensation specifically to meet tonnage criteria. Metro recognizes that during the annual process of open enrollment and benefit contract renewals, benefits may change. If a transfer station operator cannot certify that benefits have been and will be maintained at or above current levels, or if an unexpected change triggers a reduction in benefits, a transfer station may still be eligible for the tonnage, at the Department Director's discretion. Additional information will be needed about the cause and nature of the change for the final decision by the Director.

- 2) Do the wage and benefits criteria apply to all employees who support facility operations, wet and dry?

Metro response: The proposed criteria for Regional Waste Plan Goal 3: Living Wages and Good Benefits and Goal 4: Workforce Diversity refer to all employees who support wet waste transfer operations directly and indirectly. This includes floor workers as well as employees in human resources, accounting, janitorial services, administration, government relations, and others who support the company's waste transfer activities and business.

To meet the criteria for Living Wages and Good Benefits, transfer stations must supply wage information for the lowest paid position (if it is above \$20.70 per hour) and wage and benefits information for all positions that receive \$20.70 per hour or less in wages. Information about additional positions is welcome but optional.

To meet the criteria for Workforce Diversity, transfer stations must supply diversity data for all company employees who support transfer station operations or make decisions about local facilities' operations and investments. For vertically-integrated, multinational companies, this would include regional management positions. Data for additional positions is welcome but optional.

- 3) Will Metro be using these criteria for 2023 or changing them again next year?

Metro response: These criteria are only for calendar year 2022 allocations at this time. Staff expect that many criteria will remain the same for 2023. Staff recognize that this project must strive toward stability and 2- or 3-year cycles while achieving progress toward the RWP goals. Staff plan to engage with Metro leadership during this winter to discuss pacing.

4) What are the citations/references to support the \$17.50/hour minimum?

Metro response:

- A. *The Living Wage Calculator is a project maintained by MIT that provides estimates of the hourly wages different households must earn to cover basic expenses such as food, childcare, health, housing, transportation and taxes. For 2021 (as of July 12, 2021), the living wage estimates for the Portland-Vancouver-Hillsboro, Oregon metropolitan area range from \$13.84 per hour per adult for a household in which both adults work full-time with no children (40 hours per week), to \$57.35 per hour per adult for a household with one adult working full-time and 3 children. The second lowest wage in the living wage estimates is \$18.72 per hour, for a one-adult household with no children. \$17.50 per hour represents an amount between the **lowest** two living wage estimates for different family configurations and is therefore reasonable to achieve, while it makes only modest advancement toward the goal of a true living wage.*

MIT Living Wage estimates, 2021 (excerpt)	
<i>2 full-time working adults, 0 children</i>	<i>\$13.84</i>
<i>1 full-time working adult, 0 children</i>	<i>\$18.72</i>
<i>2 full-time working adults, 1 child</i>	<i>\$19.22</i>
<i>1 full-time working adult, 1 child</i>	<i>\$35.28</i>
<i>1 full-time working adult, 3 children</i>	<i>\$57.35</i>

- B. *Prevailing wage rates are the amounts that must be paid to construction workers on all public works projects in Oregon. These rates include fringe benefit wages to encourage employers to purchase health insurance and other benefits for their workers. The Oregon Bureau of Labor Industries (BOLI) annually publishes a Prevailing Wage Rates for Public Contracts book with the base wage and fringe benefit rates that must be paid to workers in over 65 construction occupations. The following list includes the base wage and fringe benefits rates (as of July 1, 2021 for the Metro region) for a mix of the lowest paid positions and positions that are related to some of the lowest paid solid waste occupations, such as sorters, general laborers, and spotters. \$17.50 per hour is below the lowest base prevailing wage.*

Occupation	Base wage (\$ per hour)	Fringe rate (\$ per hour)
<i>Line Constructor Group 7</i>	<i>\$18.68</i>	<i>\$11.22</i>
<i>Landscape Laborer/Technician</i>	<i>\$19.92</i>	<i>\$4.96</i>
<i>Hazardous Materials Handler/Mechanic</i>	<i>\$21.83</i>	<i>\$9.48</i>
<i>Painter</i>	<i>\$24.06</i>	<i>\$8.78</i>

Fence Constructor (Non-metal)	\$28.29	\$11.07
Laborer Group 1	\$33.48	\$16.05
Laborer Group 2	\$34.71	\$16.05
Laborer Group 3	\$29.04	\$16.05

- C. ZipRecruiter’s estimate of a “decent salary” for Oregon (i.e., the average for the state as a whole, not just the Portland metropolitan area) as of July 2, 2021 is \$22.89 per hour.
- D. Voters in Corvallis, Oregon, passed a living wage ordinance in November, 1999, which was set at \$13.81 per hour as of July 1, 2021. Adjusting for cost of living differences using MIT Living Wage Calculator data, the Corvallis current living wage is equivalent to \$18.72 per hour for the Portland metropolitan area.
- E. Additional living wage ordinances and policies are generally at or above \$17.50 per hour in urban areas. San Jose’s living wage policy was originally passed by City Council in November 1998. As of July 1, 2021, the San Jose living wage minimum is set at \$24.07 per hour if health benefits are offered, or \$25.31 per hour if health benefits are not offered.

5) What’s WPES’ intent in defining a living wage for other RWP actions and policies for Goal 3?

*Metro response: Metro is not defining or establishing a standard for living wage through the tonnage allocation criteria for Goal 3. As described in the previous answer, an hourly wage of \$17.50 is lower than regionally relevant standards used for “decent salaries,” “prevailing wages”, and “living wages.” The Goal 3 criteria **advance** the goal of a living wage but do not define the goal or ensure that the goal is met.*

6) Why is Metro using \$3.20 as the minimum hourly value for employer-paid medical benefits?

Metro response: The medical benefit amount of \$3.20 per hour falls within the regional and national range of employer contributions toward health insurance premiums for single coverage. The 2020 Kaiser Family Foundation’s annual survey of employer health benefits survey found the national average to be \$2.99 per hour, while the average for the West region was \$3.35 per hour. This figure of \$3.20 per hour also represents the minimum value of the medical benefits packages offered to the lowest paid employees at Metro transfer stations, who are employees of Metro’s transfer station operations contractor, Recology.

7) Can transfer stations include the value of bonuses in the hourly wage calculation?

Metro response: To qualify for the Goal 3 criteria, transfer station employees must receive at least \$17.50 per hour with qualifying medical benefits, or \$20.70 per hour if medical benefit criteria are not met. Year-end bonus compensation that is not guaranteed or based on hours worked is variable, less accessible to lowest paid workers, and not reliable for employees whose employment ends before the bonus distribution. For these reasons, bonuses are not sufficient to meet the criteria for advancing living wages and good benefits.

Transfer station operators who wish to apply for goals-based tonnage under Goal 3 and who pay the equivalent of \$17.50/\$20.70 per hour only when bonuses are included must raise the hourly wage to meet the criteria. If employees prefer to receive a cash bonus near the end of the calendar year instead of a larger paycheck throughout the year, a company could set up a partial paycheck reserve in which employees may elect to hold a percentage of their earnings in a fund for annual distribution, serving the same function as a cash bonus. Employees whose employment ends before the bonus distribution date would receive a cash-out of their fund upon termination. An employee who leaves the company in September must have received the minimum hourly wage for the time employed.