

# Living Wage Compliance Report



**Submitted to Syracuse Common Council and Living Wage Commission**

**3/21/2013**

*Martin D. Masterpole*

**City of Syracuse Auditor**

## Introduction

The Office of the City Auditor has agreed to perform compliance reports regarding the City of Syracuse Living Wage Ordinance. This report represents the results of our examination of those Companies who are required to comply with the Living Wage Ordinance as adopted by the City of Syracuse Common Council and amended on Dec 17<sup>th</sup>, 2012. Compliance Letters were mailed by the Office of the City Auditor to each Company on Jan 2<sup>nd</sup> 2013 requesting certified payrolls for their employees who work on City contracts. The letter requested that the certified payrolls be returned to our office no later than Feb 1<sup>st</sup> 2013. In the first week of Feb 2013, our office followed up with phone calls to those Companies who had not responded to our request. Effective April 1<sup>st</sup> 2012, the Living Wage rate is \$12.19 per hour for those employees who are provided health insurance and \$14.40 per hour for those who are not provided health insurance. It should be noted that the Living Wage rate will increase to \$12.43 and \$14.68 respectively on April 1<sup>st</sup> 2013.

## Objective

Our objective is to determine if all Companies required to pay their employees the “Living Wage” as defined by the City of Syracuse are in compliance with that Ordinance. The Companies that are required to comply with the Living Wage Ordinance are as follows:

- 1) Atlas Healthcare Linen Services
- 2) Central Parking Systems
- 3) Duffy’s Equipment Services
- 4) First Student
- 5) LAZ Parking
- 6) Republic Parking Systems
- 7) WeCare Transportation LLC
- 8) Tri-Delta Resources
- 9) A&E Transport Services

## Scope

Our examination included the calculation of hourly rates paid by the Companies to their employees. Also included is if the employees are offered and obtained health insurance as part of their employment benefits.

## Conclusion

- **Atlas Health Care** did not provide payroll information for their employees. This is the second time that they have failed to provide certified payrolls and both times have indicated that their workers are represented by Rochester Regional Joint Board Local 2607 Workers United and therefore are not subject to the Living Wage Ordinance. We disagree with this interpretation, as the Ordinance exempts “*any employee of the City or City School District including any member of a collective bargaining unit covered by a collective bargaining agreement with the City of Syracuse or the City School District,*” and

Rochester Regional Joint Board Local 2607 Workers United is not covered by the City or School District. We therefore find Atlas Health Care noncompliant.

- **Central Parking Systems** provided payroll information for fourteen employees. All fourteen employees are provided health insurance and make more than the required rate. We therefore find Central Parking compliant with the Ordinance.
- **Duffy's Equipment Services** provided payroll information for seven employees. Six of the employees are full time and one employee is part time. The full time employees are paid equal to or above the required wage. The one part time employee is not paid equal to the required wage. Due to the failure to pay the part time employee the required wage, we find Duffy's Equipment Services non-compliant.
- **First Student** provided payroll information for one hundred and thirty-two employees. All one hundred thirty-two employees are provided health insurance and all employees are paid equal to or above the required rate. Therefore we find that First Student is compliant with the Ordinance.
- **LAZ Parking** provided payroll information for twenty one employees. Six employees make equal to or greater than the necessary wage. Fifteen employees that do not receive health insurance are not paid equal to the necessary wage. LAZ has a letter from the Corporation Counsel's Office dated June 3<sup>rd</sup> 2009 that states, "*A covered employee who, for whatever reason chooses not to accept health insurance coverage provided by the covered employer is only entitled under the Living Wage Ordinance to the \$11.54 hourly rate*". On December 17<sup>th</sup> 2012 the Syracuse Common Council amended the Ordinance under Section 50-3 part (b) stating "*In order to be applicable, the lower living wage rate shall only apply in the case of an employee who actually receives health care benefits as defined in Section 50-2(h) and not in the case when said benefits are just made available to the employee.*" We have received communication from LAZ stating that they will come into compliance with the new rate without health benefits beginning on April 1<sup>st</sup> 2013. However, they have been non-compliant during the period beginning Dec 19<sup>th</sup> 2012 when the ordinance was amended and signed by the Mayor until the date that our report was prepared. We therefore find LAZ Parking to be non-compliant during said period with respect to those fifteen employees who do not receive health benefits. .
- **Republic Parking Systems** provided payroll information for eight employees. Two employees are provided health insurance and make equal to or above the required rate. Six employees are not provided health insurance and make equal to or above the required wage. Therefore we find that Republic Parking is compliant with the Living Wage Ordinance.
- **WeCare Transportation LLC** did not provide any payroll information. The Office of the City Auditor communicated with them by phone and they said that the payroll information would be sent. However, to date, no information has been received. It should be noted that in our last report, WeCare Transportation was compliant with the Ordinance. Due to a lack of response in this report, we find WeCare Transportation LLC non-compliant with the Living Wage Ordinance.

- **Tri-Delta Resources** provided payroll information for two employees. Both employees are provided health insurance coverage and both make equal to or above the required rate. The Office of the City Auditor finds Tri-Delta Resources to be compliant with the Living Wage Ordinance.
- **A&E Transport Services** did not provide any payroll information for their employees. They were contacted by mail and follow up phone calls were placed to them. Due to the lack of response, the Office of the City Auditor finds A&E Transport Services to be noncompliant with the Living Wage Ordinance.

**Auditor's Note:**

Of the nine Companies required to comply with the Living Wage Ordinance, four Companies are fully compliant. The other five Companies either did not respond to our request or are not fully compliant. The City of Syracuse Corporation Counsel's Office and the City of Syracuse Purchasing Department should take measures necessary to bring these Companies within compliance.