

City of Portland, Maine
Finance Committee Meeting

Thursday, October 22nd, 2015

6:00 p.m., Room 209

AGENDA

1. Finance Committee Meeting Agenda & Packet

Documents: [20151022153748730.PDF](#)

**City of Portland, Maine
Finance Committee Meeting
Thursday, October 22nd, 2015
6:00 p.m., Room 209**

AGENDA

- 1. Impact of \$15 Minimum Wage on City of Portland**
- 2. Solid Waste Discussion**
- 3. State and High Street Discussion**

ITEM 1.

TO: Jon Jennings, City Manager; Anita LaChance, Deputy City Manager
FROM: Gina Tapp, Director of Human Resources and Brendan O'Connell, Director of Finance
DATE: October 15, 2015
RE: Fiscal Impact of Proposed \$15 Minimum Wage on City of Portland – Labor Costs, Programmatic Costs, Potential Tax Rate Impacts

Executive Summary: This memo is intended to illustrate the impact of a \$15 minimum wage on the City of Portland if passed in the upcoming citizen initiative. Per terms of the City charter, citizen initiatives are prohibited from being applicable to municipal employees. However, in order to continue to attract talent to the 1300+ City of Portland workforce the City would likely be forced to increase hourly and salary wages to keep pace with other employers within the City.

In addition to the direct fiscal impact on wages for workers earning under \$15.00 per hour (i.e. an increase in wages up to the new minimum) there would also be an indirect impact on wages for City workers currently earning just above \$15.00 per hour. Additionally, there would be an impact on costs of labor for the City of Portland related to external contractors subject to the new requirements. A complete analysis of these impacts is included within this memo and a summary of the related costs and impact on the tax rate is below:

IMPACT OF A REQUIRED \$15 MINIMUM WAGE ON CITY OF PORTLAND LABOR COSTS

Additional City costs related to employees making under \$15	\$0.6M (rounded)
Additional City costs related to employees making between \$15 - \$20	\$1.2M (rounded)
Additional Benefit cost	\$0.2M (rounded)
Additional labor costs associated with contractors located in Portland	\$1.0M (estimated)
TOTAL ANNUAL INCREASE IN CITY COSTS / TAX LEVY	\$3.0M

IMPACT TO CURRENT TAX RATE (INCREASE) **1.9%**

Detailed Analysis:

The City has approximately 500 temporary, on-call or seasonal employees, and 85 or so permanent employees who currently earn wages of less than \$15.00 per hour. An increase of the minimum wage up to \$15.00 per hour would increase City salaries and wages by \$610,000 per year. This change would have a significant impact on the operations of Departments such as the Barron Center, Recreation and Facilities Management and Social Services, as they rely the most on the types of employees who fill service level jobs which are typically paid less than \$15.00 per hour. Many of the programs within these Departments would either require additional tax subsidy or program reductions.

In addition to the direct impact noted above, there are secondary concerns about how the increase in minimum wage would impact the overall fairness and equity of the City's pay plan and compensation levels for these positions. If this proposal were to move forward, we would be forced to pay higher wage rates for positions with the very lowest of minimum skills required, while paying the same – or

very close to the same in some cases – wage rates to someone who is in a position such as a C.N.A. which requires the completion of a formal course of study and the acquisition of a state certification. From a Human Resources perspective the change in minimum wage would lead to unintended consequences with those employees making above minimum wage. Those unintended consequences would include but are not limited to decreased employee morale and demands for additional compensation from employees making above minimum wage.

Approximately 400 City staff are currently earning between \$15 and \$20 per hour, for a total current payroll cost of \$12.1M. These staff receive a higher wage due a variety of factors including completion of a college degree, professional certification and/or other advanced training. An excellent example is at the Barron Center, the City owned skilled nursing and rehabilitation facility. The Barron Center currently employs 87 CNA's (Certified Nursing Assistants) within the \$15 - \$20 hourly pay range. If all City staff, even those with no education, professional certification, or training, received up to a 50% increase in their wage, why would those staff with extra qualifications not seek additional compensation for their extra skills? If the population of employees making between \$15 and \$20 per hour were to seek an additional 10% in compensation for their extra skills it would result in an additional \$1.2M in payroll costs to the City annually. Many programs and departments would be devastated by the impact and would likely not be able to operate. These departments would include the Barron Center, Public Health, Social Services, the Portland Public Library and many popular Recreation and Facilities Programs including public pools, therapeutic recreation and the Riverside Golf Course.

Finally, an increase in the minimum wage to \$15 per hour would result in an increase in City spending by Public Services, Recreation and Facilities, and any department who uses external contractors for construction, repair and maintenance contracts. Any increase in contractor wages would be passed directly back to the City. The City spends approximately \$20M per year on external contractors and 20% of this total is spent on labor (\$4M). If labor costs rose 50% as a result of the minimum wage increase these labor costs would rise from \$4M to \$6M. However, it is estimated that only 50% of these contractors are located in Portland and would need to raise their wages, resulting in an increased labor cost to Portland of approximately \$1M. Also, contractors based in Portland who are bidding on City projects would be at a disadvantage when trying to obtain work.

Please let us know if you have any questions about the information contained in this memo.

Current Program**Assumptions:**

**Budget Revenue & Cost related to Solid Waste Curbside pickup
of MSW (Municipal Solid Waste) and Recyclables.**

	FY16 Budget
Net Revenue from Bags:	
Bag Revenue	2,040,185
Cost of Bags	(167,500)
Storage of Bags	(3,000)
Total Net Revenue from Bags	1,869,685
Expenditures:	
15 Maint Workers	583,366
1 Foreman	42,462
1 Supervisor	50,773
1 Waste Coordinator	53,157
1 Admin Assoc	40,716
Overtime	71,588
Benefits & Worker's Comp.	131,311
Wearing Apparel, Recruitment, Temp	45,890
Fuel & Vehicle Repairs	259,507
Waste Disposal (9,750 * \$70.50/ton)	690,900
Total Expenditures	1,969,670
Net Cost of Solid Waste Curbside	(99,985)
CIP:	
CIP - Rear Load Truck (1 per year)	265,000

Inhouse - MSW Hybrid with Carts for Non Peninsula Units

Assumptions:

Each resident would have 2 carts (one for recycling & one for MSW). The Side Load (Arm) Truck would be operated by one Maint. Worker and would be used everywhere except the Peninsula. On the Peninsula, we would use our Rear Load Trucks with two employees on the truck. We would continue to require bags everywhere in the City.

	Projections
Net Revenue from Bags:	
Bag Revenue	2,040,185
Cost of Bags	(167,500)
Storage of Bags	(3,000)
Total Net Revenue from Bags	1,869,685
Expenditures:	
9 Maint Workers (Eliminate 6 positions) Note 1	350,104
1 Foreman	42,462
1 Supervisor	50,773
1 Waste Coordinator	53,157
1 Admin Assoc	40,716
Overtime	62,874
Benefits & Worker's Comp.	106,509
Wearing Apparel, Recruitment, Temp	42,890
Fuel & Vehicle Repairs	194,634
Waste Disposal (9,750 * \$70.50/ton)	690,900
Purchase of Carts (2 per household for Non Peninsula Residents)	1,500,000
Total Expenditures	3,135,019
Net Cost of Curbside Pick up of MSW & Recyclables	(1,265,334)
CIP:	
CIP - Rear Load Truck (Purchase 1 every 3rd year)	265,000
CIP - Purchase 7 Trucks with arms	2,100,000
	2,365,000

(1) Six Maint. Workers would be eliminated due to the Arm Trucks would only need one Maint. Worker to operate instead of the two for a Rear Load Truck. The savings would be \$233,262.

Private Contractor - MSW Hybrid with Carts for Non Peninsula Units

Assumptions:

A Private Contractor would be used to pick up MSW & Recyclables for everywhere except the Peninsula. The Private Contractor would be responsible for purchasing the Carts for the Non Peninsula Residents and would be included in the Contracting fees.

	Projections
Net Revenue from Bags:	
Bag Revenue	2,040,185
Cost of Bags	(167,500)
Storage of Bags	(3,000)
Total Net Revenue from Bags	1,869,685
Expenditures:	
9 Maint. Workers (Eliminate 6 positions) Note 1	350,104
1 Foreman	42,462
1 Supervisor - Eliminate	-
1 Waste Coordinator	53,157
1 Admin Assoc	40,716
Overtime	62,874
Benefits & Worker's Comp.	86,061
Wearing Apparel, Recruitment, Temp	41,515
Fuel & Vehicle Repairs	113,377
Waste Disposal (9,750 * \$70.50/ton)	690,900
Private Contractor for Curbside pick up	1,400,000
Total Expenditures	2,881,166
Net Cost of Curbside Pick up of MSW & Recyclables	(1,011,481)
CIP:	
CIP - Rear Load Truck (Purchase 1 every 4th year)	265,000
	265,000

- (1) Six Maint.. Workers would be eliminated leaving six to cover the the Peninsula. We would eliminate the Waste Coordinator and divide up the rest of his responsibilities to the Foreman & Supervisor.

Bag Revenue Impact if Eliminated

Elimination of PAYT (bags)

Bag Revenue	2,040,185
Cost of Bags	(167,500)
Storage of Bags	(3,000)
Net Loss of Bags	<u>1,869,685</u>
*Increase in Disposal Cost	60,983
Cost to the City for Eliminating of Bags	<u>1,930,667.50</u>
Tax rate \$ increase	0.25
Tax rate % increase	1.2%

* Per the Kessler Consulting Report

If we eliminate the Pay-As-You-Go Bags, the report indicates that the Recycling Rate will drop by 20%. This yields a cost to the City of \$60,983 (865 tons @ \$70.50) for disposal cost. Total Curbside recycling tons are 4,325 @ 20% equals 865 tons.

To: Project Advisory Committee (PAC) **From:** Thomas Errico, P.E.

Date: May 26, 2015

Re: State and High Streets Two-Way Conversion Study

MEMORANDUM

This Memorandum serves as an Executive Summary of the Study and summarizes key results of the study evaluation.

Purpose and Need

The purpose of the State and High Streets Two-Way Conversion Study is to study the effects of re-introducing two-way traffic flow on State and High Streets. The study will evaluate whether changes in transportation infrastructure will support the existing mix of land uses and neighborhoods in the study area. Both streets need to serve automobiles, trucks, transit, pedestrians, and cyclists equitably, as well as serve both those who are traveling within the City as well as through the City. From a safety and health perspective, new infrastructure should be designed to accommodate pedestrian and cyclist safety and increase livability. From an urban design perspective, changes should provide a positive experience, and actively connect historic neighborhoods. Changes should also serve the transportation needs of those living off the peninsula by creating convenient access to city amenities and work places. Changes should be compatible and coordinate with other related City planning projects, including the redesign of Congress Square.

Traffic Volume Changes

In general, total traffic volumes on State and High Streets are about the same during the AM and PM peak hours. With the change to two-way traffic, projected 2035 traffic volumes would be slightly higher on State Street, with the greatest increase between the Casco Bay Bridge and Danforth Street. On State Street, traffic would increase by 100 vehicles in both AM and PM peak hours, with the exception of a 300-vehicle increase between Casco Bay Bridge and Danforth Street. Projected 2035 traffic volumes on High Street would be unchanged or slightly lower, with the greatest reduction between York Street and Spring Street. On High Street, traffic declines by 400 vehicles between York Street and Danforth Street and declines by 200 vehicles between Danforth Street and Spring Street. A significant diversion of peninsula traffic to smaller side streets did not materialize in the model. Some destination-specific diversion is expected, such as traffic increases headed toward the West End via Danforth Street, due to improved accessibility to this neighborhood from the Casco Bay Bridge.

Vehicle Mobility

A significant increase in traffic congestion would not be expected following the conversion to two-way flow. Intersections would experience a slightly increased delay, and travel time across the peninsula would be projected to increase by approximately 2-4 minutes during peak hours.

Vehicle Speed

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Several traffic speed surveys have been conducted along State and High Streets. The data indicates that the 85th% speeds are slightly higher than the posted speed limit (27 to 30 MPH speeds in a 25 MPH zone). The data also shows that a portion of vehicles (3%, or several hundred a day) are significantly exceeding (at 35 to 45 MPH) the posted speed limit. Additional speed survey information on a comparable two-way arterial street is in a separate document; details will be presented at the upcoming committee meeting.

Heavy Vehicles/Truck Deliveries

The change to two-way would have a positive impact on truck circulation due to improved accessibility. Data indicates truck volumes are low. The change will require geometric improvements at many intersections and it is assumed that some truck movements would encroach into other lanes. We have reviewed truck deliveries to the State Theatre and other commercial businesses along the corridors and the two-way conversion does not present problems. Most deliveries to commercial businesses occur on side streets, and those conditions will not change. Residential deliveries may require establishment of on-street loading areas.

On-Street Parking

The conversion of High and State Streets to two-way would reduce the on-street parking supply. The loss of parking is primarily related to the need to adjust turning lane alignment in the signalized intersections. The results of the analysis indicate an on-street parking supply reduction of approximately 9%, or 30 parking spaces. This reduction is essential to making the two-way configuration work. Adding additional spaces in and around the study area may be possible.

Bicyclist Safety/Mobility

Bicycle users will see some improvements. The change would eliminate wrong-way bicycle crashes, provide more direct routing, potentially reduce vehicle speeds and make left-turn bicycle movements safer. However, vehicles currently have more room to pass bicycles under the existing one-way condition; the change would eliminate this benefit. The Bicycle Coalition of Maine has reviewed the plan and supports the change with implementation of formal shared lane conditions.

Pedestrian Safety/Mobility

Pedestrian mobility would improve with slower vehicular speeds (mostly at off-peak) and improved driver/pedestrian visibility at unsignalized crossings. However, the conversion to two-way would result in more intersection vehicle turn movements, and these will increase conflicts with pedestrians. A multi-modal pedestrian level of service analysis was conducted and little change in performance was identified.

Intersection Geometry Impacts

With the introduction of new turn movements under two-way flow, some intersection corners would need to be modified. A detailed engineering evaluation has been performed. The evaluation is striking a balance between the urban context, actual truck activity (generally not using a large interstate truck), and allowing some movements to encroach into opposing lanes. Some noteworthy locations that will need improvements include:

- State Street/Park Avenue – Adjustments to southern corners.
- State Street/Congress Street (Longfellow Square) – Adjustments to the easterly corners
- High Street/York Street – Corner and lane alignment improvements.

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- High Street/Congress Street (Congress Square) – Corner and lane alignment improvements.
- High Street/Cumberland Avenue
- High Street/York Street
- Casco Bay Bridge Approach to State Street

Winter Maintenance

A two-way configuration will require additional snow removal activity in order to keep two full lanes open to moving traffic. Some level of parking constraint may be required during large storms. The City of Portland typically budgets for 8-10 major snow events and another 22 lower level salt/sand operations per winter season. Data regarding the cost of added activity will be available at the PAC Meeting.

Cost

The preliminary construction cost estimate for the project is estimated at \$3,225,000. It should be noted that approximately \$2,000,000 of this estimate is for replacement of the existing traffic signal system, which needs to be upgraded regardless of the outcome of this study. That means that the change to two-way would cost an additional \$1,225,000.