

CITY OF ROCHESTER
REVIEW OF ROCHESTER LIVING WAGE ORDINANCE

Distribution: Malik D. Evans, Mayor
Patrick Cunningham, Deputy Mayor
Kim Jones, Director of Finance
Linda Kingsley, Corporation Counsel

Office of Public Integrity
Date: 12/08/2022
Contact: Tony Grugnale
Phone: 428-7246

I. EXECUTIVE SUMMARY

In this review, the Office of Public Integrity (OPI) examined compliance with Rochester Living Wage Ordinance No. 2001-36. The results of this review indicate that, in general, internal controls are adequate, and contractors are complying with the Living Wage Ordinance. OPI noted that all vendor request payments for payroll included documentation to support wages paid to employees and that the rate paid was in accordance with the Living Wage Ordinance without exception.

II. BACKGROUND, OBJECTIVES AND SCOPE

A. Assignment

The Office of Public Integrity routinely reviews contract compliance of contractors who conduct business with the City of Rochester.

B. Background

City Council adopted the Rochester Living Wage Ordinance in January 2001. The purpose of this Ordinance is to ensure that employees of substantial City contractors and subcontractors earn an hourly wage that is sufficient for a family to live at or above the poverty guideline. This Ordinance applies to professional service agreements of \$50,000 and over but excludes:

- 1) Persons who are employed in construction work covered pursuant to federal or state prevailing wage laws.
- 2) Welfare-to-work, youth employment programs and job training programs, and workers with disabilities, full-time students, messengers, learners, student-learners and apprentices for whom the covered employer has received a certificate to pay special minimum wages pursuant to Section 14 of the Federal Fair Labor Standards Act.

Additionally, this Ordinance does not include any contracts awarded through the competitive bidding process pursuant to the General Municipal Law Section 103.

The per hour living wage rate for fiscal year 2023 was \$13.61 for employees if their employer offered health benefits and \$15.21 for employees not offered health benefits. In fiscal year 2022, the per hour living wage rate was \$12.58 for employees if their employer offered health benefits and \$14.06 for employees not offered health benefits. The

Ordinance requires that the City adjust the living wage rate annually based on the change in the Consumer Price Index. The following table summarizes the living wage rate for the last 5 fiscal years.

<u>Living Wage Hourly Rate</u> <u>For July 2018 to June 2023</u>		
<u>Fiscal Year</u>	<u>With Health Insurance</u>	<u>With Out Health Insurance</u>
July 2022 – June 2023	\$13.61	\$15.21
July 2021 – June 2022	\$12.58	\$14.06
July 2020 – June 2021	\$12.58	\$14.06
July 2019 – June 2020	\$12.36	\$13.81
July 2018 – June 2019	\$12.09	\$13.51

C. Objective and Scope

The objectives of this review were to evaluate contract compliance with the Rochester Living Wage Ordinance No. 2001-36. The scope included all professional service agreements from January 1, 2021 to December 31, 2021 and corresponding records applicable to all wage related expenses that contractors submitted to the City for reimbursement for this period.

OPI noted 1,121 professional service agreements for this period. The following table details the breakdown of these agreements.

<u>Professional Service Agreements</u> <u>January 1, 2021 to December 31, 2021</u>	
All professional service agreements	1,121
Less: PSAs less than \$50,000	988
Less: PSAs of at least \$50,000 but exempt	<u>66</u>
PSAs subject to Living Wage requirements	67

Management is responsible for establishing and maintaining a system of internal accounting and administrative control. Fulfilling this responsibility requires estimates and judgments by management to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the

preparation of accurate, informative reports that are fairly stated.

Because of inherent limitations in any system of internal accounting and administrative control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any system evaluation to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The recommendations presented in this report include the more significant areas of potential improvement that came to our attention during the course of the examination, but do not include all possible improvements that a more extensive review might develop.

III. RESULTS OF REVIEW

Of the 67 PSAs in our scope period that were subject to the Living Wage requirements, OPI randomly selected 31 of them for detail testing. The following is a summary of the contracts selected for detail testing:

**Review of the Living Wage Ordinance
Contracts Selected for Detail Testing**

<u>Contract Number</u>	<u>Contractor</u>	<u>Initiating Department/Office</u>	<u>Amount (\$)*</u>
135519	Erdman Anthony & Associates Inc.	DES	250,000
134679	Ibero-Amer Development Corp.	DHRS	56,000
135634	Baden St Settlement of Rochester Inc.	DHRS	83,242
134707	Popli Design Group	DES	85,000
135543	Erdman Anthony & Associates Inc.	DES	130,000
135273	Stantec Consulting Services Inc.	DES	143,000
135738	The Pike Company Inc.	DES	150,000
135481	CHA Consulting Inc.	DES	175,000
134618	Laland Baptiste, LLC	DES	90,000
134757	Bergmann Associates Architects & Engineers D.P.C.	DES	300,000
134848	Erdman Anthony & Associates Inc.	DES	90,000
135297	Bergmann Associates Architects & Engineers D.P.C.	DES	1,600,000
135952	Ramboll Americas Engineering Solutions, Inc.	DES	423,000
135839	Greenman-Pedersen, Inc.	DES	400,000
135753	Fisher Associates, D.P.C.	DES	450,000
136026	T Y Lin International Engineering Architecture & Land Surveying P.C.	DES	600,000
134518	Joseph C Lu Engineering & Land Surveying, P.C.	DES	775,000
135362	LaBella Associates D.P.C.	DES	1,030,000
135547	Architectura P.C.	DES	110,000
136029	Stantec Consulting Services Inc.	DES	340,000
134786	Joseph C Lu Engineering & Land Surveying, P.C.	DES	280,000
134851	T Y Lin International Engineering Architecture & Land Surveying, P.C.	DES	684,500
135734	Vanguard Engineering, P.C.	DES	275,000
135810	Stantec Consulting Services Inc.	DES	950,000
135028	Joseph C Lu Engineering & Land Surveying, P.C.	DES	310,000
135736	C & S Engineers, Inc.	DES	580,000
135838	Ravi Engineering & Land Surveying, P.C.	DES	1,200,000
135960	Plan Architectural Studio, P.C.	DHRS	198,634
135764	Popli Design Group	DES	300,000
135635	YWCA of Rochester & Monroe County	DRHS	56,537
135826	Bergmann Associates Architects & Engineers D.P.C.	DES	355,000

* Rounded to the nearest dollar.

The results of this test work indicate that, in general, contractors comply with the Living Wage Ordinance.

A. Vendor Wage Certifications

We noted that all vendor request payments for payroll included documentation to support wages paid to employees and that the rate paid was in accordance with the Living Wage Ordinance without exception.

◆ **Recommendation**

City personnel should continue to ensure that vendors submit wage certifications and that they comply with all directives per the City Ordinance.

IV. DEPARTMENTAL RESPONSE


The response of the Department of Finance to this report begins on the next page.



City of Rochester

Department of Finance
City Hall Room 109A, 30 Church Street
Rochester, New York 14614
www.cityofrochester.gov

Kim D. Jones
Director of Finance

To: Timothy R. Weir, Director Office of Public Integrity
From: Kim D. Jones, Director of Finance 
Date: December 1, 2022
Subject: Rochester Living Wage Ordinance Audit

I have reviewed the audit and subsequent comments and recommendations from the Office of Public Integrity related to the Rochester Living Wage Ordinance audit, and concur with the recommendations. I thank you for the thorough review, and time committed to this audit.

